

Executive Summary FY 2004 Adopted Budget

OVERVIEW

The Adopted Budget for FY 2004 eliminates the projected General Fund shortfall through a combination of reductions and redirections designed to minimize the adverse impact on the delivery of priority services. Additionally, the Adopted Budget requires no increase in the overall property tax rate for the eleventh consecutive year remaining at 57.854 cents per \$100 valuation.

The Adopted Budget also provides for added targeted investments in Council priority areas such as existing infrastructure, public safety, elderly services, neighborhoods, economic development, employee services, human development, accountability and customer service. These targeted investments are included in the Adopted Budget due to one-time revenues generated from the City's 14% share of City Public Service (CPS) revenues.

Existing Infrastructure

- Invest \$1.875 million toward improving the efficiency and capacity of Street Maintenance and Construction performed by City crews. This one-time improvement will significantly alter the method in which asphalt is delivered to different job sites throughout the City. The funds will be used to acquire 15 truck cabs, 12 thirty cubic yard live bottom trailers and three 30 cubic yard dump trailers along with associated capital outlay thereby reducing the number of trips necessary to haul the asphalt as well as the number of times the asphalt is handled resulting in an improved quality. These vehicles will replace 41 existing dump trucks that have smaller loading capacity which require more trips and more handling. These vehicles will be on line by July 2004 and result in a minimum 5% increase in productivity through the end of the fiscal year. It is anticipated that a full year of operation in FY 2005 will result in an increase in productivity by 15% - 20%.
- The Neighborhood Accessibility and Mobility Program (NAMP) has provided resources for various neighborhood sidewalk and street improvements throughout the community in recent years. \$2 million was added to the Adopted Budget to augment resources available to individual Council districts for various street maintenance and NAMP projects. Specifically, \$200,000 will be set aside for each district. The funds will be used to acquire contractual services to make desired improvements.

Public Safety

- Increase Police Patrol Availability (PAF) by more closely following state law requirements for reporting traffic accidents on public streets and the practices of other major cities. Texas law requires that only accidents in which there is damage of \$1,000 or more to any vehicle or any claim of injury by the driver(s) or passenger(s) be reported to the state on an accident report form. Other accidents are considered "minor" accidents. The policy change will require SAPD officers to make the scene of minor accidents, prevent breaches of the peace, and hand out driver information forms so that drivers can exchange information required for insurance and personal purposes. A brief Incident Report will detail the actions of the officer. The policy change of not requiring a detailed accident report on every accident will have the effect of releasing 17 officers to more direct crime fighting efforts thus increasing the Patrol Availability Factor from 38.9% to 39.9%. The redirection is equivalent of adding 17 officers to patrol.

Elderly Services

- Establish an Office of Elderly Affairs in the Community Initiatives Department to coordinate a comprehensive strategy at the local level that is both inter-organizational and inter-professional. It

will concentrate its efforts on policy development among the various sectors that will effectuate long-range, effective resource allocation and program development. It will have a distinct arm that will be the central point for dissemination and communication of information on available senior services within San Antonio and Bexar County. Seven existing positions within the Community Initiatives Department will be redirected to provide staffing for the new office.

- The impact of increasing the senior citizen homestead tax exemption from \$60,000 to \$65,000 will be realized in FY 2004. The estimated loss in FY 2004 revenue from the new exemption totals \$777,000, with the General Fund losing \$476,000 and the Debt Service Fund losing \$301,000. According to the Bexar Appraisal District, there are a total of 67,204 homestead accounts that qualify for a senior citizen exemption. To date, a total of 62,076 senior citizen homestead exemption accounts have been certified. Of these certified accounts **32,671 or 52.6%, pay no City property tax.**

Neighborhoods

- With respect to the Southside Initiative area, set aside \$300,000 of one-time resources to initiate the Public Improvement Master Planning process by developing a Public Improvement Plan for transportation and utility infrastructure, and parks and open spaces needs that compliment the vision for the Southside Initiative Community Land Use Plan. The Southside Initiative encourages balanced growth by supporting economic development, creating sustainable communities, and promoting the unique historical, cultural, and environmental assets of the City's southern sector.
- Increase enforcement against unpermitted garage sales with the addition of a Code Compliance Investigator at a cost of \$50,000. An existing Citizen Action Officer position will be redirected toward monitoring compliance. Also ten existing Code Compliance Inspectors (one per Council District) will focus their attention on garage sale compliance issues on Saturdays and Sundays. Additionally, \$15,415 will be set aside for printing postage-paid forms for use by current non-City entities that sell Garage Sales Permits (e.g. HEB grocery stores) to report permit sales so that the City's data base can be updated to ensure that the requirement that a resident have no more than three garage sales per year is strictly enforced. The Garage Sale Permit Fee will also be increased from \$4 to \$15 apiece and the number of permitted garage sales per year will be increased from two to three.

Economic Development

- The Adopted Budget includes \$12 million in one-time resources for an Economic Development Incentive Fund. Specific criteria for application of these resources shall be approved in advance by the City Council. The criteria will be customized to attract large-scale businesses in targeted industries and other significant investments that will serve as economic generators measured by new job creation, economic impact to the local economy, and leverages investment from other entities.
- Invest \$1.45 million to support additional one-time contractual services needed by the Brooks Development Authority and to supplement capital resources available to enhance the drainage area along the eastern border of Brooks City-Base to facilitate future development. The Proposed 2003 Bond Program also includes \$28.8 million worth of proposed projects that would be located at and benefit the infrastructure of Brooks City-Base. These projects include the City's projected \$20.5 million share of the Emergency Operations Center, \$1 million for a youth sports field improvement, \$6.7 million for the Goliad Road drainage project, and \$600,000 for infrastructure improvements to be made in accordance with the Brooks City-Base Master Plan.
- The 2003 Bond Program includes \$2.8 million for infrastructure improvements at KellyUSA in accordance with KellyUSA's Master Plan

Employee Services

- Funding is included in the Adopted Budget so that full-time and part-time civilian employees receive a 3% pay increase in FY 2004. The cost for this compensation package is \$4.023 million.
- Maintain a high level of employee health benefits with modest program adjustments to include: (1) charging \$5 per month per single employee and \$15 per month per employee with dependents; (2) adding to premium costs of the CitiDent, COBRA, and retiree insurance programs; (3) making small increases to co-payments needed for medications; and (4) upgrading the City's claims utilization review capabilities for a total savings to the program of \$1.8 million in FY 2004.
- The Adopted Budget reallocates the \$220,000 that was in the FY 2003 Budget for the Mayor and City Council's contingency funds to their Administrative Assistant Funds. The reallocation will help pay for increased compensation and health insurance costs for the Mayor and Council's Administrative Assistants. It was also approved that the maximum annual salary level for a full-time equivalent Council aide be increased by 3% from \$42,800 to \$44,084, consistent with the 3% across-the-board compensation increase approved for civilian employees. Additionally, it is approved that part-time Council aides be paid on an hourly basis no higher than the hourly rate for a full-time Council aide at the maximum annual salary.

Human Development

The Adopted Budget contains a total \$1.01 million to further support the City's efforts to address hunger and homelessness in FY 2004. Specifically, the FY 2004 Budget includes \$270,000 to provide 25 pounds of food each for 3,000 disadvantaged senior recipients twice a month in FY 2004 to be administered by the Elderly and Disabled Division of the Community Initiatives Department. Also included is \$200,000 for added support to food pantries serving low-income families and to strengthen the community's ability to promote maximum participation in the food stamp program. In the area of homelessness, this initiative provides \$200,000 to allow the Community Action Division in Community Initiatives to provide emergency shelter on an as-needed basis in FY 2004. Funds will also extend mobile canteen (\$200,000) and day center services (\$60,000) to the chronically homeless population. Additionally, \$84,000 is included in the Adopted Budget for oversight and administrative expenses associated with the initiative.

Accountability

- Establish a Code Enforcement and Compliance Division within the City Attorney's Office through the reallocation of 12 existing positions that will have the following objectives: (1) bring more focused enforcement actions against owners of buildings and property who fail to maintain the property in compliance with the City Code; and (2) aggressively recover damages from persons or entities that breach contracts with the City.

Customer Service

- Add \$1.02 million in resources to improve customer service through the addition of customer service representatives and increased automation efficiencies in the Development Services Department. The improvements will ensure more timely response to requests for permits, plats, zoning actions, certificates of occupancy, and inspections.

Additionally, the Adopted Budget includes a 3% wage increase for firefighters for the third year of the collective bargaining agreement with the San Antonio Professional Firefighters Association. The Adopted Budget also sets aside funds to support a new collective bargaining agreement in FY 2004 with the San Antonio Police Officers Association.

The Adopted Budget also requires no increase in the overall property tax rate for the eleventh consecutive year remaining at 57.854 cents per \$100 valuation.

The Five-Year Financial Forecast projected a shortfall of \$28.6 million for the General Fund under certain assumptions. The Adopted Budget for FY 2004 eliminates the projected shortfall through a combination of reductions and redirections designed to minimize negative impacts on service delivery, while at the same time setting aside resources sufficient to make service delivery improvements. The below table summarizes in a high level way the steps taken to balance the Adopted Budget for FY 2004. The details of the listed items in the below table will be discussed in the Executive Summary.

How the FY 2004 Budget Was Balanced

-- Approximation In Millions of \$ --

Projected Shortfall

Five-Year Forecast FY 2004 Projected General Fund Shortfall	(\$28.7)
Changes in Shortfall since Forecast:	
- FY 2003 Fire Increased Expenditures	(\$0.2)
- FY 2003 Police Increased Expenditures	(\$2.0)
- FY 2003 and FY 2004 Lower Sales Tax Revenues	(\$2.2)
- FY 2003 Increased Electricity Expense	(\$2.2)

Addition to Projected Shortfall	(\$6.6)
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Revised Projected Shortfall	(\$35.3)
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New Revenues

FY 2003 Change in Re-estimated Revenue	\$2.0
FY 2003 Western Integrated Network Escrow Payment	\$1.0
FY 2003 Added CPS Revenue Projections	\$25.9
FY 2004 Change in Current Services Revenue	\$5.8
FY 2004 Added Prop. Tax Rev. from 0.50 Cent Rate Shift	\$2.2
FY 2004 Proposed New Revenues	<u>\$5.1</u>
Total Revenue Changes	\$41.9

Expenditure Changes

FY 2004 Tier 3 Reductions	\$7.9
FY 2004 Tier 2 Reductions	\$0.5
FY 2004 Mid-Year Permanent Reductions	\$1.9
FY 2004 Savings in Current Services Expenditures	\$2.9
FY 2004 Deferred Mandates	<u>\$2.3</u>
Total Expenditure Changes	<u>\$15.4</u>

Difference: Rev. Shortfall vs. FY 2004 Prop. Budget	<u>\$57.3</u>
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Resources Available for FY 2004 Improvements	\$22.0
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BUDGET PROCESS

The process for developing the FY 2004 Adopted Budget involved the following overall steps:

- Mid-Year Revised Budget Projections
- Development of Inventory of City Services
- Bottom Line Strengthening Program
- Public Input on Budget Priorities
- Five-Year Financial Forecast
- City Council Goals & Objectives Worksession
- Proposed Budget Preparation
- Budget Adoption

Mid-Year Revised Budget Projections. On February 27, 2003, the City Council received an updated financial forecast for FY 2003 and FY 2004. The need for the update was prompted by concern that the continuing decline in national economic conditions being experienced since 2001 through to early 2003 would have an adverse impact on the City's fiscal status. Specific concern was focused on Sales Tax and Hotel/Motel Tax revenue projected for FY 2003, since these revenue sources are more directly affected by changes in economic conditions. Additionally, there was concern that the \$18.55 million General Fund shortfall projected for FY 2004 by last year's Five-Year Financial Forecast presented in June 2002 would be higher than expected as a consequence of slower economic activity.

As a consequence, the updated forecast revised FY 2003 projections for Sales Tax and Hotel/Motel Tax. Specifically in FY 2003, Sales Tax revenues were projected to be 7.6% below budget (budget - \$148.1 million, revised - \$140.5 million) and Hotel/Motel Tax revenues were projected 8.8% below budget (budget - \$37.2 million, revised - \$34.2 million). The updated forecast projected that the FY 2004 General Fund shortfall would increase to \$36 million (as opposed to the \$18.55 million shortfall projected by the June 2002 forecast). Additionally, the new forecast for the Hotel/Motel Fund showed a projected shortfall of \$7.35 million in FY 2004 (no shortfall for this fund was projected by the June 2002 forecast). The declines in Sales Tax and Hotel/Motel Tax revenue were the primary factors for the revised projected shortfalls.

In response to the revised forecast, on April 12, 2003, Council was presented with a plan for making mid-year reductions to the General Fund and the Hotel/Motel Tax Fund. For the General Fund, the following mid-year reductions were approved:

• Salary Savings Realized in the first six months of FY 2003	\$ 1.122 M
• Managing Vacant Positions for Remainder of FY 2003	\$ 1.141 M
• Individual Department Reductions	\$ 2.051 M
• General Fund Housing Waiting List Funds	\$ 1.000 M
TOTAL MID-YEAR GENERAL FUND REDUCTIONS	\$ 5.314 M

For the Hotel/Motel Tax Fund, the following mid-year reductions were approved:

• Convention & Visitors Bureau	\$ 440,000
• Convention Facilities	\$ 298,000
• Cultural Affairs	\$ 60,000
• International Affairs	\$ 28,000
• Other	\$ 21,000

TOTAL MID-YEAR HOTEL/MOTEL FUND REDUCTIONS	\$ 847,000
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Additionally, for the remainder of the fiscal year, the mid-year reductions plan called for review of every request to fill a vacant position by a committee of Management Team members. Approval of this committee is required in order to fill each vacant position.

Development of Inventory of City Services. Concurrent with preparation of the mid-year reductions plan was the development of a complete Inventory of City Services to facilitate decision-making during the budget process. The Inventory was presented to the Council on June 5, 2003. Specifically, the inventory is a complete listing and description of all City services provided by each City department. Over 400 separate and discreet services have been identified and cataloged in the Inventory. Where possible, dollar amounts reflecting the costs and/or revenues associated with each service are also provided. Additionally, the services are grouped by the following 23 Action Categories:

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|-------------------------------|--------------------------|
| ■ Accountability | ■ Health |
| ■ Arts/Culture | ■ Housing |
| ■ Convention/Tourist Industry | ■ Human Development |
| ■ Customer Service | ■ Libraries |
| ■ Development Services | ■ Neighborhoods |
| ■ Downtown | ■ Organizational Support |
| ■ Economic Development | ■ Parks |
| ■ Education/Training | ■ Recreation |
| ■ Elderly Services | ■ Public Safety |
| ■ Employee Services | ■ Technology |
| ■ Environment | ■ Youth Services |
| ■ Existing Infrastructure | |

The Action Categories aid the City Council in prioritizing services associated with each Action Category during the Council Goals & Objectives Worksession.

Bottom Line Strengthening Program. In view of the higher shortfall projected for FY 2004 by the revised forecast, the City Manager sought to obtain ideas from City employees through the Bottom Line Strengthening (BLS) Program. Specifically, the goal of the BLS Program was to identify process improvements that would gain overall efficiencies, revenue generators or effective changes in service delivery. It was anticipated that these ideas would result in near-term, permanent improvements to the City's fiscal situation through productivity improvements, cost reductions or new revenues. The program engaged a broad range of employees randomly selected and placed into Action Teams each moderated by a member of the Management Team. Each Action Team was comprised of no more than 20 members and met three or four times over a six week period in May and June 2003. From this process, recommendations with savings and new revenues totaling \$3.2 million are included and highlighted in the Adopted Budget.

Public Input on Budget Priorities. The next step involved the receipt of public input on budget priorities through two Budget Open Houses conducted by the City Council on May 22 and June 5, 2003. The Open House sessions resulted in the preparation of a list of issues important to citizens/community groups, and served as input to the Council's final deliberation of FY 2004 Budget Priorities. The community input from the Open House sessions along with a list of proposed Strategic Issues was provided to the Council for reference at the City Council Goals & Objectives Worksession.

Five-Year Financial Forecast. On June 19, 2003, the City Council was presented with the Five-Year Financial Forecast. Presented annually, the Forecast is a financial and budgetary planning tool that identifies emerging issues that will be encountered in the next five years and that will have a fiscal impact upon the City's program of services. In addition, the Forecast serves as a foundation for development of the Proposed Budget by projecting revenues and anticipated expenditures under a defined set of assumptions. The Forecast allows the City Council and staff to identify financial issues in sufficient time to develop a proactive strategy in order to address emerging Strategic Issues.

The Five-Year Forecast is a more detailed and comprehensive analysis of the City's fiscal situation than the mid-year forecast update presented in February. The Forecast reflects the effects of the continuing slowdown in the national economy that has occurred since 2001. With respect to the General Fund, a projected FY 2004 shortfall of total available resources to total expenditures was presented requiring an adjustment of \$28.66 million. This amount reflects the \$5.5 million mid-year budget reduction approved by Council in April 2003. Beyond FY 2004, declining shortfalls are also projected for each of the out-years of the forecast period through FY 2007. The shortfall projection assumes that \$20.7 million in one-time added revenue from CPS in FY 2003 due to rising fuel costs would be set aside to address one-time issues. There are multiple factors contributing to the extent of FY 2004's shortfall projected by the Forecast.

- Sales tax revenue was projected to be \$7.6 million, or 5.1%, below budget in FY 2003.
- Interest earnings were expected to be \$1.9 million, or 63.3%, less than the \$3 million budgeted for FY 2004 interest earnings.
- Recurring and one-time mandates for FY 2004 were estimated to total \$9.7 million.
- To keep the current level of health insurance benefits for City employees it was projected to increase the employee health insurance program assessments by 11% in all departmental budgets. The added cost will be \$4.15 million to the General Fund.
- Additional resources would need to be set aside for a new Police collective bargaining agreement in FY 2004.

The primary objective of the Forecast is to provide City Council and the community with an “early warning system” to identify significant issues for the budget process. The Forecast assumes that any projected shortfall will be addressed ultimately in the Proposed Budget through a balanced budget.

City Council Goals & Objectives Worksession. A key part of the process was the setting of priorities for the new fiscal year that occurred at the City Council’s Goals and Objectives Worksession on June 20 and at a follow-up meeting on June 26. This year was the fourteenth consecutive year in which the City Council met to determine its priorities for the coming budget deliberations. The focus of the worksession was to direct discussion among the members of Council on budget priority issues. Department heads and community stakeholders were available as resources to the Council to help answer questions.

The worksession participants focused on establishing FY 2004 Budget Priorities through a process using the Inventory of City Services presented on June 5. A survey was employed as part of the worksession to allow the Council to assign a specific priority score to each of the 277 General Fund-related services. In preparation for the June 20 worksession, on June 12, the Council had met to assign priority rankings to the 23 Action Categories. The Action Category rankings were applied as weights to the individual survey scores for each service associated with a given Action Category. The process resulted in a 1-through-277 priority ranking of the General Fund-related services.

The survey results were divided into three tiers with equal numbers of services in each tier. The City Manager indicated that in developing the Proposed Budget, those services that resided in the lowest tier (or Tier Three) would be analyzed first as candidates for reduction or elimination in the Proposed Budget. Furthermore, if reductions from Tier Three services provided insufficient savings, then those services residing in the middle tier (or Tier Two) would be reviewed as the next candidates for reduction or elimination. A listing of the Council’s FY 2004 Budget Priorities is provided immediately preceding this Executive Summary.

Proposed Budget Preparation. The City staff used the Council’s guidance from the Goals & Objectives Worksession as the basis for recommending reductions in the Proposed Budget having the least adverse service delivery impact in the upcoming fiscal year and for proposing targeted added investments in key Council priority areas.

The Proposed Budget document also reflected updated program information, goals and objectives and performance measures for each department. Department directors met with the Management Team in April and May to review the departments’ goals and objectives for the upcoming fiscal year. During these meetings, staff presented existing and proposed performance indicators which would help them track the City’s progress in the efficient and effective delivery of services to citizens and achieve their stated goals and objectives. The performance indicators for each department are arranged in the Balanced Scorecard format. The performance measures are balanced in that they are grouped to reflect precisely each of the four key organizational aspects of each department: Customer Service, Financial Performance, Internal Processes Efficiency, and Employee Learning & Growth. The measures also are designed to demonstrate and validate the impact of proposed improvements to service delivery.

Additionally, departments were given target budgets based on current service requirements and allowed to submit expenditure proposals within the target amount. The target budgets submitted represent the departments’ best judgment on how resources should be allocated based on their experience on the most effective method for delivering services. Each department was specifically asked to prepare proposals for the redirection of resources and/or suggested program reductions from services residing in Tier Three and Tier Two of the Council’s priority listing. Additionally, each department was asked to present proposals addressing applicable recommendations coming from the BLS Program and for making permanent the mid-year reductions made in April 2003. Since early July, the City Manager and the Management Team have met with each department director to review the department’s estimated commitments for FY 2003, FY 2004 base budgets, proposed revenue enhancements, resource redirections, and program reductions.

After receipt of the Proposed Budget, the City Council held a series of worksessions to review the proposed service program details. The Budget worksessions included a review of revenues and presentations by departments that included a description of the significant policy issues. After considering all the recommendations and receiving input from citizens at three public hearings, City Council amended the budget by balancing program revenues and expenditures to make the proposed service plan more closely track the Council priority objectives. The specific adjustments to the General Fund, the Community & Visitors Facilities Fund, and the Stormwater Fund are detailed on the schedules provided below.

Amendments to the Proposed General Fund Budget

Added Amendments

City Council Budget Priority	Description	Amount
Accountability	Add Study for Contracting Out Parking Services	\$50,000
Convention/Tourist Industry	Add Match for Museo Americano	\$175,000
Development Services	Add Two ULI Studies (Sunset Station/St. Paul's Square & Guadalupe Corridor)	\$240,000
Economic Development	Increase Economic Development Incentive Fund to \$12M	\$5,750,000
Education/Training	Increase Contribution to Project Quest	\$325,000
Employee Services	Increase Recurring Civilian Market Adjustment from 2% to 3%	\$1,310,000
Employee Services	Increase Available Funds for Council Aide Pay/Health Insurance	\$220,000
Existing Infrastructure	Eliminate \$2.574M one-time expense to replace signal bulbs with LED bulbs; lose savings	\$350,000
Existing Infrastructure	Add Street Improvements and NAMP Enhancement	\$2,000,000
Health	* Add Salinas Dental Clinic (FY 04 & FY 05 Costs)	\$300,000
Human Development	Establish Human Development Services Fund for Mayor	\$20,000
Human Development	Add funds for Food Homeless Initiative for total of \$1.014M	\$600,000
Parks	* Parks Adult Therapeutic Program	\$240,000
Parks	* Parks Cultural Program	\$360,000
Public Safety	Add Contingency Fund for Domestic Violence Grant Program	\$450,000
Total Added Amendments		\$12,390,000

* One-Time Expenditures

Supporting Sources

Department/Source	Description	Amount
City Council	Redirect Council Contingency Funds to Administrative Assistants Funds	\$220,000
City-Wide	Reduce Fleet Labor Rate from \$44 to \$43 per hour	\$60,000
City-Wide	Reduce Capital Outlay Replacement	\$100,000
City-Wide	Reduce Temporary Clerical Services	\$48,000
City-Wide	Eliminate Office Supply Mark-Up	\$90,000
City-Wide	Use Lonestar Program for LED bulb program – Gain Energy Savings	\$200,000

Health	Charge six Health Dept. positions to ATSDR Grant	\$268,000
Non-Dept.	Eliminate U.S. Conference of Mayors Membership Dues	\$20,000
Parks	Reduce McFarlin Tennis Center Hours	\$74,000
Parks	Eliminate one filled Office Asst. in Parks Reservation	\$27,000

(Supporting Sources – Continued)

Department/Source	Description	Amount
Parks	Close Lockwood Community Center (Eliminate three filled positions)	\$70,000
Parks	Eliminate one filled position in Parks Warehouse Operations	\$54,000
Parks	Realize savings from Kid Quest site availability	\$34,000
Police	Reduce Executive Protection (vehicle and overtime)	\$42,000
Public Works	Reduce Custodial Maintenance (Eliminate 4 vacant positions)	\$110,000
Public Works	Eliminate three vacant trades positions in Building Maintenance	\$83,000
Recreation	Transfer cost for metal halide lights for McFarlin Tennis Center	\$70,000
Economic Development	Decrease Funding to Economic Development Incentive Fund	\$400,000
Existing Infrastructure	Use State Grant for Light Emitting Diodes in Traffic Signals	\$2,574,152
Employee Services	Eliminate One-Time Salary Enhancement (General Fund Cost)	\$3,492,762
Employee Services	Reduce One-Time Dollars for General Fund Employee Benefits in FY 04	\$3,553,086
Employee Services	Reduce One-Time Dollars for General Fund Workers Compensation in FY 04	\$900,000
Total Supporting Sources		\$12,390,000

Amendments to the Proposed Community & Visitors Facilities Fund

Added Amendments

City Council Budget Priority	Description	Amount
Employee Services	Increase Recurring Pay Across-the-Board	\$162,000
Economic Development	Increase the Convention & Visitors Bureau Advertising Budget	\$113,000
Economic Development	Restore Cut to Sports Foundations	\$100,000
Total Added Amendments		\$375,000

Supporting Sources

Department/Source	Description	Amount
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Hotel/Motel Occupancy Tax Fund	Eliminate One-Time Salary Adjustment	\$375,000
	Total Supporting Sources	\$375,000

Amendments to the Proposed Stormwater Fund Budget

Added Amendments

City Council Budget Priority	Description	Amount
Other Improvements	Add 14-person crew to increase the cycle of maintenance of natural creekways from once every five years to once every three years	\$632,000
	Total Added Amendments	\$632,000

Supporting Sources

Department/Source	Description	Amount
Stormwater Fund	Increase monthly Storm Water Fee by ten cents (from \$2.98 to \$3.08)	\$632,000
	Total Supporting Sources	\$632,000

Amendments to the Proposed Parking Facilities Fund Budget

Added Amendments

City Council Budget Priority	Description	Amount
Other Improvements	Eliminate Parking Meter increase hours from 8:00 AM – 6:00 PM, Monday – Saturday to 7:00 AM – 12:00 AM, Monday – Saturday.	\$154,341
	Total Added Amendments	\$154,341

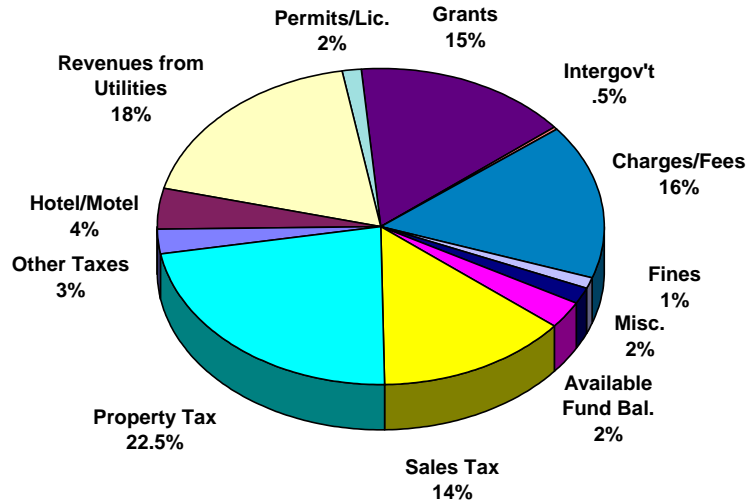
Supporting Sources

Department/Source	Description	Amount
Stormwater Fund	Increase the event rate from \$6 to \$8 at the Marina and Hemisfair Garages.	\$154,341
	Total Supporting Sources	\$154,341

FY 2004 ALL FUNDS ADOPTED BUDGET SUMMARY

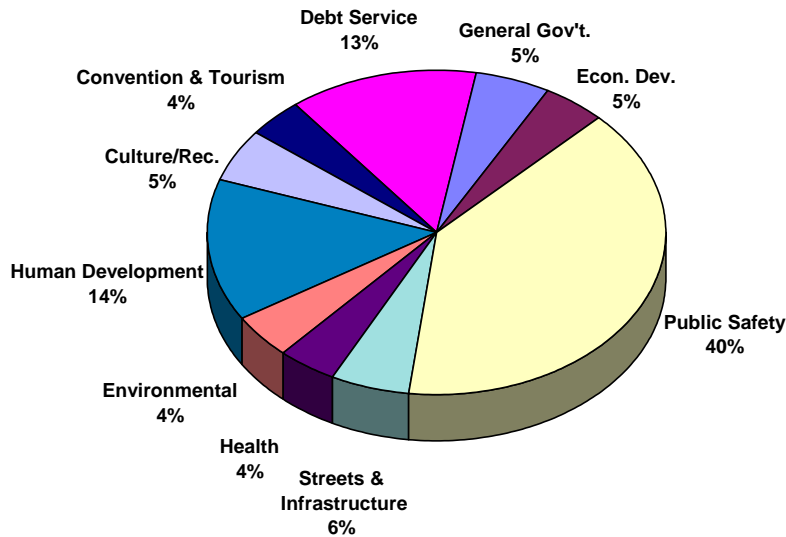
The FY 2004 Adopted Budget appropriation for **all funds** is **\$1.53 billion**, excluding transfers of **\$167 million**. This amount includes **total operating expenses of \$1.122 billion** and **\$406 million in capital expenditures**. The following charts show operating appropriations and revenues for all funds for FY 2004.

**FY 2004 ADOPTED CONSOLIDATED OPERATING
BUDGET SOURCE OF CURRENT REVENUES**



TOTAL: \$1,122,447,528

**FY 2004 ADOPTED CONSOLIDATED OPERATING
BUDGET USE OF FUNDS**



TOTAL: \$1,122,447,528

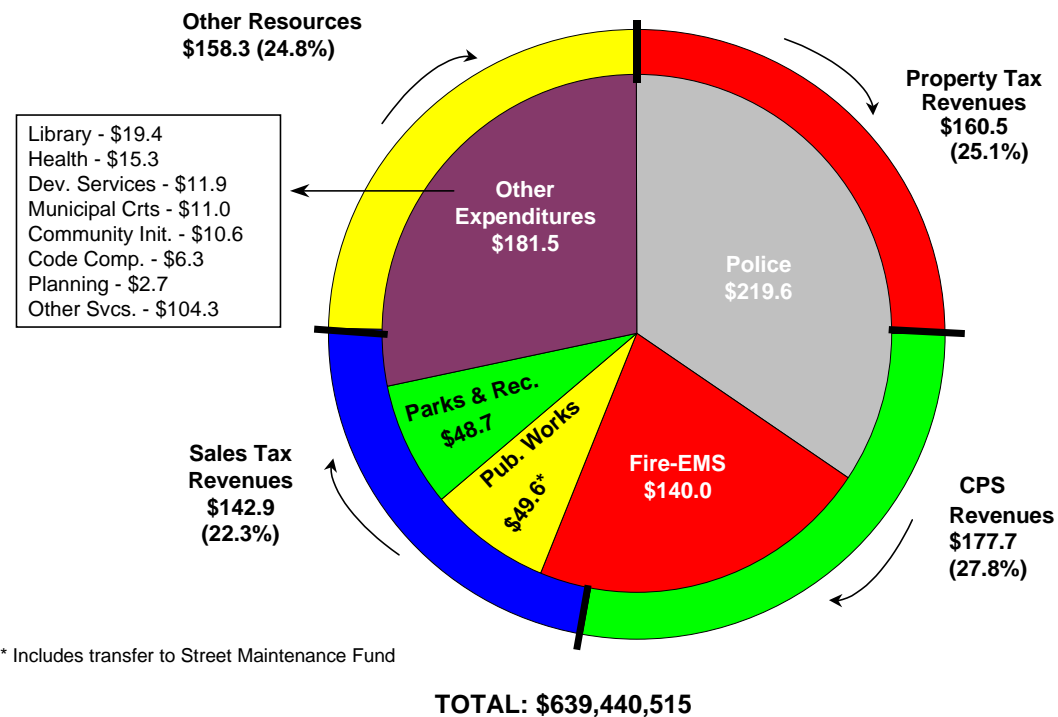
FY 2004 GENERAL FUND ADOPTED BUDGET

This section provides details on the General Fund revenue and expenditure changes included for FY 2004. Additionally, this section outlines proposals for improvements to service delivery and provides descriptions of mandated added expenses.

GENERAL FUND REVENUES

General Fund available resources are anticipated to be **\$639.4 million**. The three principal sources of General Fund revenue are: City Sales Tax, City Public Service (CPS) payments, and Property Tax. Taken together, these three sources of revenue account for approximately \$ 481.1 million, or 75.2%, of the total General Fund available resources. As shown in the chart below, the FY 2004 Adopted Budget appropriations for the Police, Fire/EMS, Public Works and Parks & Recreation Departments consume all property tax revenue, all revenue from City Public Service, and most sales tax revenue.

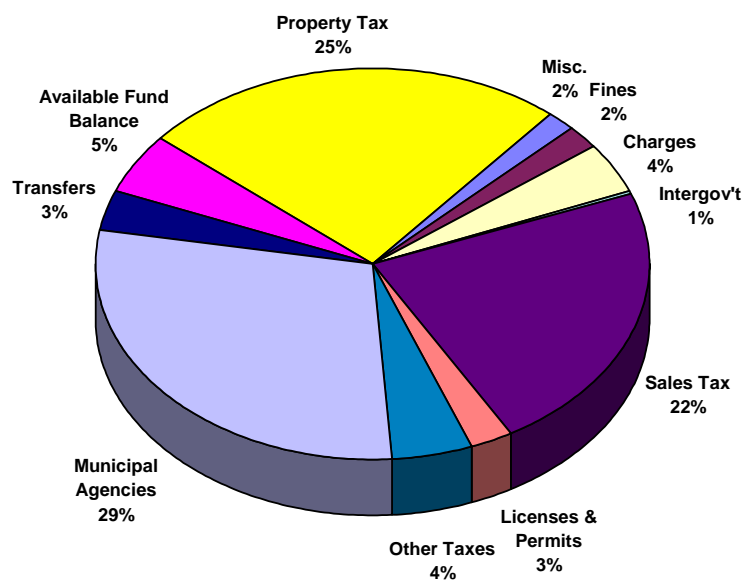
FY 2004 ADOPTED GENERAL FUND AVAILABLE RESOURCES DISTRIBUTED OVER MAJOR SPENDING AREAS (in millions)



A summary of the significant assumptions and policy issues related to the General Fund is presented here. For the purpose of presentation, the Streets Maintenance & Improvement and Emergency Medical Services Funds, which are dependent on the General Fund, will also be discussed in this section. In addition to the major revenue sources mentioned above, the Adopted Budget includes a number of new and/or enhanced revenues.

In summary, a total of **\$639.4 million** is available for appropriation as noted in the following chart. A corresponding pie chart appears in the expenditures section depicting seven areas of service delivery in which \$639.4 million is adopted for appropriation.

FY 2004 ADOPTED GENERAL FUND AVAILABLE REVENUES



TOTAL: \$639,440,515

● **City Public Service**

\$177.7 million

The largest source of revenue to the General Fund is generated by City Public Service (CPS). Fourteen percent of all CPS gas and electric customer revenue is paid to the City as a return on investment. The FY 2004 Adopted Budget amount of \$177.7 million from CPS revenues is \$23 million, or 11.5%, lower than the FY 2003 re-estimate of \$200.7 million.

The estimated revenue of \$200.7 million for FY 2003 is \$31.72 million, or 18.8%, higher than the original \$168.98 million budgeted in FY 2003.

The City's payment from CPS is one of the most difficult revenue streams to project due to a number of variables which include weather, price volatility of fuel sources, and the available supply of various fuels. The volatile nature of CPS revenues has never been more evident than in FY 2001, FY 2002 and FY 2003.

- In the fall/winter of 2000 (first quarter of FY 2001) the combination of both dramatically higher natural gas prices and protracted cold weather caused CPS payments to the City to increase dramatically. Actual FY 2001 revenues amounted to \$182.4 million, of which \$10.8 million was utilized for a ratepayer rebate, additional Project WARM funds, and to fund the added electricity costs incurred by City facilities. This resulted in a net CPS payment for FY 2001 of \$171.6 million.
- In contrast, in the fall/winter of 2001 (first quarter of FY 2002), fuel prices dropped back to more normal levels and the community experienced a milder winter as well as reduced demand in July related to the significant amount of rainfall which occurred during the month. Actual revenues for FY 2002 were \$165.1 million - \$17.3 million lower than the \$182.4 million FY 2001 actual amount and \$6.5 million less than the net amount for FY 2001 of \$171.6.
- In FY 2003, fuel price issues dramatically increased CPS revenues. Specifically, CPS has higher fuel costs than experienced in FY 2002 for two significant reasons: First, CPS' least expensive source of electrical power, the South Texas Nuclear Plant (STNP), has had its capacity greatly reduced due to one of its two units being inoperable due to unscheduled repairs from May through August 2003. Secondly, as a consequence of STNP not operating at full capacity, CPS has had to rely on more expensive electrical generation capacity such as power generated by natural gas - the price of natural gas is nearly twice as expensive as it was this time last year. As a result, it is expected that the City's share of CPS revenues will total \$200.7 million, which is \$31.72 million higher than the \$168.98 million adopted in the FY 2003 Budget.

It has been the City's policy in recent years to treat CPS payment revenue in excess of budget as one-time revenue in nature. One-time revenue has been used for one-time improvements, rather than for support to recurring expenditures. The Five-Year Financial Forecast projected a 13.72% increase in the CPS revenue adopted in FY 2003, bringing the re-estimated FY 2003 CPS revenue to \$192.17 million, \$20.7 million of which is considered one-time revenue. The re-estimate has been revised to reflect an additional increase of \$5.2 million. The total amount of one-time revenue generated from CPS in FY 2003 is \$25.9 million net of the City's increased utility costs and the revised budget for FY 2003.

As has been the case for the last several years, the CPS revenue projection of \$177.7 million for FY 2004 is conservative. As demonstrated in recent years, unpredictable factors such as weather conditions and fuel prices can dramatically impact the amount of revenue realized by the City. Therefore, the FY 2004 projection for this revenue does not assume continuation of the unusual conditions seen in FY 2003. Specifically, staff analyzed CPS' projected growth rates, partially discounted CPS' projections of continuing high natural gas prices in the coming years, and discounted CPS' projected demand. Consequently, staff's projected growth rates as shown above are conservative and prudent in view of the rapidly changing natural gas fuel price environment and difficult to project weather conditions.

● **Sales Tax**

\$142.9 million

The national economic slowdown that began in late 2001 and exaggerated by the events of September 11 has continued to negatively impact re-estimated sales tax revenues in FY 2003 and projected revenues for FY 2004. Actual sales tax collections for the current year are projected to be at \$139.5 million. This amount is \$8.56 million, or 5.78%, less than the \$148.06 million budgeted in FY 2003 for sales tax revenue. The \$8.56 million loss in revenue is the most immediate indication of the adverse economic impact to the General Fund this year.

The Five-Year Financial Forecast, presented in June 2003, projected a 5.11% decrease in the \$148.06 million sales tax revenue adopted in FY 2003, bringing the re-estimated FY 2003 sales tax revenue to \$140.5 million. The re-estimate has been revised to reflect an additional decrease of \$1 million (0.72%). The revised re-estimate is \$139.5 million, which is 5.78% below the \$148.06 million budgeted. As additional evidence of the impact of the slowing economy, the projection for sales tax revenue in FY 2004, \$142.9 million, is 3.49% below the \$148.06 million budgeted for FY 2003.

While economists still predict steadily gaining economic growth later this year and through to 2004, the status of sales tax revenue source will be closely monitored throughout the upcoming fiscal year.

● **City Current Property Tax**

\$157.1 million

The FY 2004 Adopted Budget includes \$157.1 million in maintenance and operations support for the General Fund from property taxes while maintaining the tax rate at the current year level - 57.854 cents per \$100 valuation. **For the eleventh straight year, no increase in the overall tax rate is adopted.**

In the Five-Year Financial Forecast presented in June, the current property tax revenue projected for FY 2004 was \$155.6 million. The estimate assumed no change to the property tax rate and was based solely on added revenue coming from anticipated growth in new property value improvements. Specifically, the projected 6.30% rate of increase over re-estimated FY 2003 property tax revenues was based upon preliminary estimates of new improvement taxable value from the Bexar Appraisal District.

However, the Forecast projection had to be modified upon receipt of the certified tax roll from the Bexar Appraisal District (BAD) in late July. Specifically, based upon the certified roll, the new FY 2004 projection is \$155.0 million as opposed to the \$155.6 million projected by the Forecast – a difference of \$600,000. The reason for the difference is that new property values from improvements increased by only 2.72% according to BAD, not the 3.0% amount as projected in the Forecast. Consequently, current property tax revenues projected for FY 2004 would be less \$600,000 than estimated by the Forecast.

Both the Five-Year Forecast projection and the revised projection based on the certified roll assumed no changes to the property tax rate. To address the \$600,000 shortfall between the Forecast projection and the new certified roll projection, and to provide \$2.15 million in additional resources to the General Fund, the Adopted Budget will shift 0.50 cents from the debt service component of the property tax rate to the maintenance and operations (M&O) portion of the tax rate. The shift between the components of the tax rate will maintain the FY 2003 overall tax rate of 57.854 cents per \$100 valuation at the same overall level in FY 2004.

As described above, the property tax rate consists of two components. The first is the debt service component that is determined by the City's debt service requirements. The current debt service rate for FY 2003 is 21.650 cents per \$100 of assessed value. Funds from this component are deposited in the Debt Service Fund and are used exclusively to pay the principal and interest on debt. The second component of the tax rate is the amount for maintenance and operations (M&O) contributed to the General Fund. The current M&O rate for FY 2003 is 36.204 cents per \$100 of assessed value. These two components taken together provided for a total tax rate for FY 2003 of 57.854 cents per \$100 of assessed value.

Property tax values are determined by the BAD in conformance with State law. Values for the City of San Antonio recently reported by BAD for FY 2004 show an increase in total net taxable value of approximately \$2.5 billion, or 5.94%, above last year. Included in this total are \$1.33 billion for new improvements and \$7.6 million in annexations, which reflects real growth of 3.22% over last year's total taxable value. The taxable value less new improvements and annexations yields the base valuation. The increase in the base valuation from last year is \$1.13 billion, or 2.72%. The following chart breaks down the components of total taxable value.

**Taxable Values in Billions
(FY 2004)**

Base Value FY 2003	Increase in Base Value	Annexation	New Improvements	Total Value FY 2004
\$41.563	\$1.131	\$0.007	\$1.329	\$44.030
% of Increase:	2.72%	0.02%	3.20%	5.94%

State law requires cities to calculate an "effective tax rate" which is generally equal to the prior year's taxes divided by the current taxable value of properties that were also on the tax roll in the prior year (less new improvements and annexation). As indicated above, base valuations increased from last year by \$1.13 billion, or 2.72%. Consequently, to generate the same amount of General Fund revenue for FY 2004 as generated in FY 2003, the effective O&M property tax rate for FY 2004 will be set at 35.083 cents per \$100 valuation, a decrease from the adopted FY 2003 O&M tax rate (36.204) of 1.121 cents, or 4.62%.

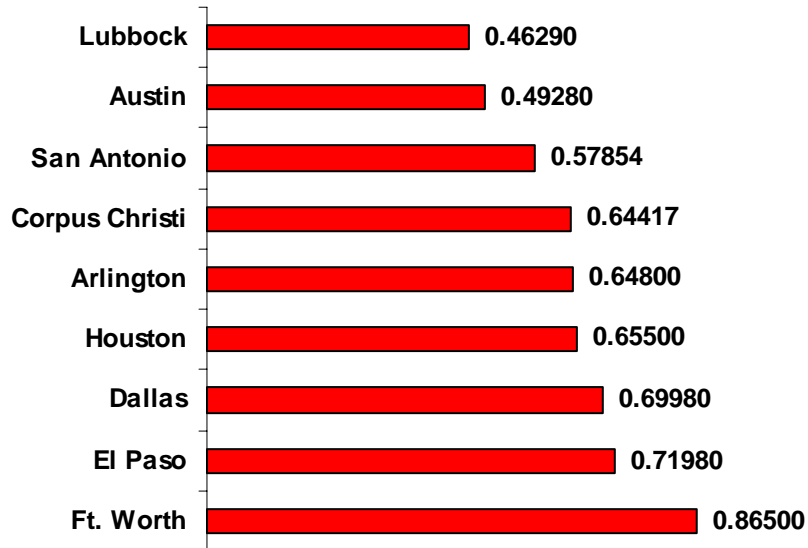
The Adopted Budget includes that the overall Property Tax rate for FY 2004 be maintained at the same absolute level set for FY 2003 – 57.854 cents per \$100 valuation. Specifically,

- The FY 2004 M&O rate will be at 36.704 cents per \$100 valuation which is 0.50 cents (1/2 cent) above the FY 2003 adopted M&O rate of 36.204 cents per \$100 valuation; and
- The FY 2004 debt service rate will be at 21.150 cents per \$100 valuation which is 0.50 cents (1/2 cent) below the FY 2003 adopted debt service rate of 21.650 cents per \$100 valuation and is consistent with the requirements of the City's Debt Management Plan.

Together, the adopted M&O and debt service rates combine to equal the FY 2003 total property tax rate of 57.854 cents per \$100 valuation. **Therefore, for the eleventh straight year the overall tax rate does not increase.** For the individual homeowner whose appraised value has not changed from FY 2003 to FY 2004, there will be no change in their City property tax bill. However, if the Bexar Appraisal District changes the appraised value on the same home to reflect changes in market value, the impact will vary, depending on the value determined by BAD. From FY 2003 to FY 2004, the average homestead in the City of San Antonio increased in value from \$88,757 to \$93,637 which is an increase of \$4,880, or 5.5%. The calculation of the average homestead value takes into account improvements as well as changes to base valuation. The increase in the average value means that the average homestead will pay \$28.23 more in City property taxes per year. The changes to property values will vary, but the property tax rate will remain the same.

The adopted tax rate for FY 2004 of 57.854 cents per \$100 valuation places San Antonio as the third lowest of the major cities in Texas. The following chart shows the adopted FY 2004 tax rate for San Antonio as compared to the rates in other major Texas cities.

Texas Cities Tax Rate Comparison
FY 2004 Adopted Rate



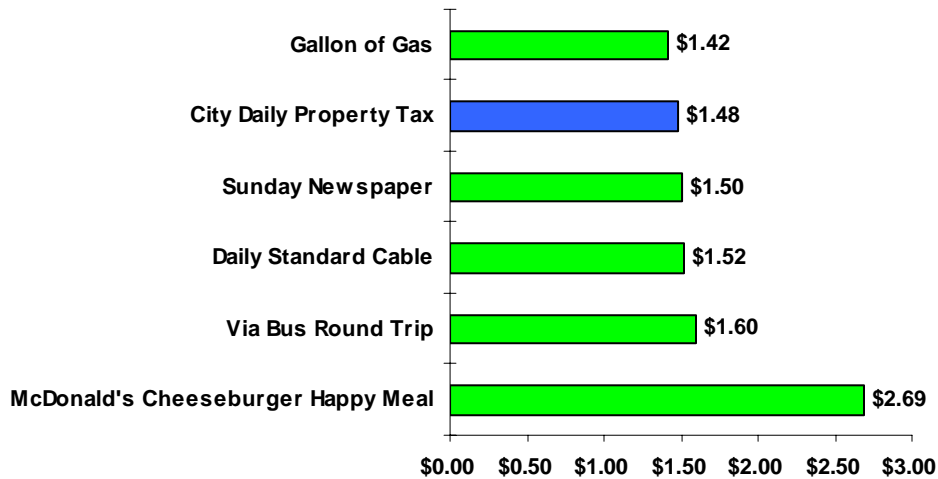
The following sample statement of taxes due demonstrates the portion of local taxes that are due to the City of San Antonio. This sample statement compares current and adopted tax rates for \$93,637 home, which is the average certified homestead value, City taxes represent \$541.73 or 21.26% of the total taxes due.

**SAMPLE STATEMENT
PROPERTY TAXES
BEXAR COUNTY, TEXAS**

Taxing Unit	2003 Assessed Value	Homestead Exemption	Taxable Value	Tax Rate Per \$100 Value	Tax Levy	% of Total Levy
San Antonio I.S.D.	\$ 93,637	\$ 15,000	\$ 78,637	\$1.72200	\$ 1,354.13	53.15%
Alamo Comm. College District	\$ 93,637		\$ 93,637	\$0.10460	\$ 97.94	3.84%
Bexar County	\$ 93,637		\$ 93,637	\$0.31757	\$ 297.36	11.67%
University Health System	\$ 93,637		\$ 93,637	\$0.24209	\$ 226.69	8.90%
County Road & Flood	\$ 93,637	\$ 3,000	\$ 90,637	\$0.01610	\$ 14.59	0.57%
San Antonio River Authority	\$ 93,637		\$ 93,637	\$0.01640	\$ 15.36	0.60%
City of San Antonio	\$ 93,637		\$ 93,637	\$0.57854	\$ 541.73	21.26%
Totals				\$2.99730	\$2,547.80	100.00%

The average daily amount of City property taxes due is **\$1.48**, which compares favorably with the common consumer services and items shown in the following chart. All applicable added sales taxes and franchise fees are included in the costs shown. The daily property tax is based on the average homestead value of \$93,637.

Daily Consumer Costs Comparison



The impact of increasing the senior citizen homestead tax exemption from \$60,000 to \$65,000 will be realized in FY 2004. According to the Bexar Appraisal District, there are a total of 67,204 homestead accounts that qualify for a senior citizen exemption. To date, a total of 62,076 senior citizen homestead exemption accounts have been certified. Of these certified accounts **32,671 or 52.6%, pay no City property tax.**

● Changes to Revenues

In order to address the pressure on available funds, the Adopted General Fund Budget includes increases to some existing fees and creates new fees. These revenue items total \$3.18 million.

The Code Compliance Department has one revenue adjustment totaling \$481,245 in gross revenue.

- A BLS group proposed that the City increase the Garage Sale Permit fee from \$4 to an amount needed to support increased enforcement against unpermitted garage sales. In response, the Adopted Budget includes that the Garage Sale Permit fee be increased from \$4 to \$15 and that the number of permitted garage sales per year be increased from two to three. The increase will generate \$481,245 on an annual basis in added revenue. Increased enforcement will come from the addition of a Code Compliance Investigator in the Code Compliance Department at a cost of \$50,000. Additionally, \$15,415 will be budgeted for printing postage-paid forms for use by current non-City entities that sell Garage Sales Permits on behalf of the City (e.g. HEB grocery stores) to report individual permit sales back to the City so that the City's Garage Sales Permits data base can be updated on a regular basis. This improvement will help ensure that the requirement that a resident can have no more than three garage sales per year is met. Also an existing Citizen Action Officer position in the Code Compliance Department will be reassigned to assist in the Garage Sale enforcement program. The net additional revenue to the City's General Fund from implementation is \$415,830.

The Development Services Department raised thirteen fees that will generate an additional \$1,149,611.

- The Department added a new fee to issue an ETJ Certificate of Determination. The Certificate of Determination exempts eligible landowners from platting their property. The fee of \$100 per Certificate will generate an additional \$30,000 in revenue for the General Fund.
- The Department added a new fee for Registration of Non-Conforming Rights. The Department currently does not charge customers to register non-conforming rights. A fee of \$50 per address is to offset the City's cost associated with providing this service. An additional \$60,000 will be generated by this fee.
- The current rate structure for Sidewalk Permits of \$0.09 per linear foot on curb and \$0.09 per square foot for flat work will increase to \$0.15 per linear foot on curb and \$0.15 per square foot for flat work. The permit cost for a standard 50-foot sidewalk will increase from \$18 to \$30. This adjustment will generate an additional \$118,027 in revenue for the General Fund. Two Construction Inspector II's are to be added for proactive sidewalk inspections associated with the plan review process.
- Residential Fee Structure Adjustment
 - One BLS group pointed out that the residential valuation schedule used by the Development Services Department as the basis for the assessment of plan review and building permit fees has not been modified in over 15 years. As a consequence of the outdated table, residential development projects have been significantly underestimated in value in the calculation of fees associated with plan reviews and building inspections. As a consequence, the Adopted Budget will apply an updated residential development valuation table published by a national building inspection professional association with values modified to reflect the San Antonio market. The full fees calculated from the table will be applied to homes valued at \$100,000 and above. For homes valued at less than \$100,000, the fee calculated from the table will be discounted by 25%. The additional revenues projected from use of the updated table are estimated at \$630,930 in FY 2004.
- Commercial Fee Structure Adjustments
 - A new fee of \$100 will be charged for a walk-through of plans over 500 square feet. This fee will generate an additional \$26,000.
 - Creation of a Plan Retrieval Fee is adopted. The new fee set at \$100 will generate an additional \$26,000.
 - A new fee will be charged for Fire Alarm and Sprinkler Resubmittals. The application fee of \$75 per request will raise \$7,800 in revenue.
 - A new fee will be charged for project modification on request for alternative design. The fee of \$75 per hour will generate \$15,000 in revenue.
 - Creation of a Conditional Permit Fee is adopted. The fee, at \$200 per permit, will raise \$52,000.
 - A new fee is adopted for the Plan Review by Appointment Process. The rate of \$200 per request will increase revenue by \$20,800.
 - The Overpayment Refund Fee of \$5 will increase to \$25. This increase will generate an additional \$5,200.
 - The fee for the Extension of Temporary Certificate of Occupancy will increase from \$26 to \$50. This will raise \$9,202.
 - The Temporary Certificate of Occupancy Fee will increase from \$234 to \$500. This increase will generate \$148,652.

In an effort to recover service costs, the Fire Department raised nine fees, all of which have not been adjusted since 1997, that will generate an additional \$51,945.

- A Burning Permit is required to burn materials such as trees and brush on-site in lieu of hauling away materials. Plan review and initial site inspection are performed before a permit is issued. The current fee of \$103 will increase to \$125. An additional \$62 will be generated by this increase.
- The Explosive Handler Permit fee of \$51.50 will increase to \$100. An additional \$333 will be generated by this increase.
- The City currently charges \$300 for the permitting and inspection associated with the Above Ground Storage Tank Fee. This fee will increase to \$330. This increase will generate an additional \$430.

- The Underground Storage Tank Fee of \$206 will increase to \$225. An additional \$1,174 will be generated by this increase.
- The City currently charges \$51.50 for an annual inspection of businesses such as clinics, laboratories, rehabilitation facilities and bonded warehouses. This fee will increase to \$150. This increase will generate an additional \$1,496 in revenue.
- The City currently charges \$360.50 for the inspection associated with the Fireworks Display/Bonfire Permit. The fee will increase to \$450. An additional \$3,333 will be generated by this increase.
- The Fire Protection System Retesting Fee is applied when a test has failed and the inspector must go back to witness the system test a second time. The current fee of \$103 will increase to \$125. This increase will generate an additional \$4,079 in revenue.
- The Fire Protection System Rescheduling Fee is assessed on contractors when they fail to provide a minimum four-hour notification of cancellation of a scheduled appointment. The current fee of \$103 will increase to \$125. An additional \$5,741 will be generated by the increase.
- The Fire Code Re-Inspection Fee is applied when building plans are not on-site, the building is locked, or when inspector's requirements are not met after two visits. The current fee of \$41.20 per visit will increase to \$100 per visit. This adjustment will generate an additional \$35,297 in revenue.

The Fire Department created one new fee and raised one fee associated with Emergency Medical Services that will generate an additional \$196,776 in FY 2004.

- In FY 2003, the Advanced Life Support (ALS) Transport Fee of \$300 per transport was converted into two fees based upon the level of service provided. ALS Level 1 services apply when a patient is transported and provided basic care by a paramedic. The current ALS Level 1 fee is \$350 per transport. ALS Level 2 services apply when a patient is transported, and provided advanced care requiring the administration of more aggressive and invasive life saving procedures. The ALS Level 2 fee is \$400 per transport. In order to meet federal Medicare requirements concerning categories of reimbursable care, the Adopted Budget includes adding a new category of service - Basic Life Support (BLS) - which is utilized when the patient is transported by ground ambulance and the provision of medical, noninvasive emergency lifesaving care is provided. The new rate structure is as follows: \$350 for BLS transport (as defined by Medicare), \$375 for ALS-1 transport and \$400 for ALS-2 transport (no change). This rate structure will generate an additional \$196,776 in revenue.

The Health Department adopted the adjustment of nine fees that will generate an additional \$260,952 in FY 2004.

- The Air Pollution Inspection Fee, which has not been changed since 2001, attempts to defray a part of the expense of providing an inspection, surveillance and monitoring of air pollution sources. The current fee of \$350 per source will increase to \$400 per source, generating an additional \$5,700.
- The Cross Connection Survey Fee offsets a portion of the cost of providing an inspection and certification of water potability at the request of a facility. The inspection ensures that there are no interconnections in the potable water distribution and the waste/processed water distribution systems. The current fee of \$75 per survey, which has not been increased since 2001, will increase to \$95 per survey. The increase will generate \$540.
- Livestock Permits, issued to individuals and commercial establishments, attempt to offset the inspection cost. The current rate structure, last changed in 2001, is as follows: \$125 per year for Bovine or Equine livestock, \$40 per year for all other livestock, and \$35 per year for each horse/horse drawn carriages. The new rate structure, which will generate \$1,366 in additional revenue, is \$150 per year for Bovine or Equine livestock, \$50 per year for all other livestock, and \$45 per year for each horse/horse drawn carriages.
- The Demolition Inspection Fee, which has not been changed since 2001, will increase from \$75 per inspection to \$95 per inspection. This increase will generate an additional \$1,600 in revenue.
- The Mobile Living Park License Fee, which has not been changed since 2001, will increase from \$25 per space to \$30 per space. This increase will generate an additional \$35,500 in revenue.
- The Texas Department of Health recently established a rule allowing rabies vaccinations at three-year intervals, as an alternative to the one-year immunization. The new fee for this vaccination is \$20 per animal, which will generate an additional \$25,000 in FY 2004.

- The Dental Appointment Fee, which has not been adjusted since 2001, will increase due to rising costs and reduced public funding. The current fee of \$6 per visit will increase to \$10 per visit, resulting in \$14,146 in additional revenue.
- Senate Bill 1744, passed by the 78th Texas Legislature, allows local registrars to charge an additional \$1.00 records preservation fee on each birth or death record issued, effective September 1, 2003. To comply with state law, the additional fees collected will be placed in a Records Preservation Fund. Funding for three existing positions related to records preservation will be redirected to the fund. The fee increase will generate an additional \$139,300 in new revenue.
- It was proposed by a BLS group that the Health Department provide volume discounting on its laboratory services for customers and water purveyors such as Bexar Met. Laboratory testing revenue declined when the water test fee was increased from \$10 to \$15 during the 1990's. The Health Department has compared its rate of \$15 per test to other local and statewide providers and found the City's rate to exceed the average. A discounted rate based on volume will attract larger purveyors having a greater number of samples to submit.

The Adopted Budget includes a new tier-based pricing schedule, based on volume, that will not decrease the prices for current clients but will decrease the price for larger volume requests. The adopted pricing follows:

<u>Samples per Month</u>	<u>Cost</u>
Less than 25	\$15.00 / test
25 to 50	\$12.50 / test
Greater than 50	\$10.00 / test

The estimated added annual revenue from the adopted new pricing schedule is \$37,800.

The Municipal Courts Department adopted the creation of one new fee and adjustments to various parking fines, totaling \$205,000 in additional revenue.

- It was recommended by a BLS group that the City seek ways to help recover its costs of providing Internet access to its services by assessing a convenience fee to certain transactions. In analyzing this recommendation, it was concluded that keeping most of the City's Internet-based services free encourages more citizens to use the City's Internet site which, in turn, increases productivity of staff that will otherwise have to provide the service. Nevertheless there remains certain transactions that lend themselves more than others to being assessed a convenience fee. The ability for persons to access the City's Internet site to pay Municipal Court fines was selected as one such transaction type for which the assessment of a convenience fee can be justified. Specifically, the Adopted Budget includes that a \$4 per transaction fee be assessed. Assuming 7,500 transactions involving traffic, parking and misdemeanors an additional \$30,000 is estimated to be generated from the new fee to help offset the City's costs for fees paid to credit card companies for the service.
- An increase of \$5 will be charged for all parking fines, with the exception of the oversized vehicle in a residential zone with prohibiting signs. The increase will generate an additional \$175,000 in General Fund revenue.

The Parks & Recreation Department is suggesting 14 fee adjustments for FY 2004. The fee adjustments will result in a total of \$336,984 in increased revenue in FY 2004.

- A registration fee of \$5 will be charged for the Kid Quest Program. This fee will generate \$23,000.
- A new fee of \$25 per class will be charged for participation in fine arts and dance classes. Classes, including drawing, dancing, percussion and tumbling, are offered year-round at community centers. The new fee will generate \$64,500.
- A Parks Plat Review Fee is adopted to offset the costs of the service. The rate structure details plan review single-family (\$140 + \$25 per phase) and multi-family (\$200 + \$25 per phase), plan amendment single-family (\$100) and multi-family (\$160), Single Phase Fee (\$140), Variance (\$151) and a Reissue after the Letter of Certification (\$25). The new fees will generate \$34,651.

- A new fee will allow for a new working artist program at La Villita. The program will allow local, working artists to demonstrate and sell unique and hand-made products in designated plaza areas. The Temporary Vending Permit will cost \$20 per day or \$275 per month and will generate \$10,080.
- The rental fee for the Spanish Governor's palace will increase from \$75 per hour (with a two hour minimum) to \$150 per hour, generating an additional \$2,025.
- Two fee adjustments are adopted for programs and operations at the Botanical Gardens:
 - The admission fee will increase \$1 for adults, children, seniors/military/students and adult groups. The increase will be \$0.50 for children's groups. This will raise an additional \$96,108
 - A new fee will offset the costs of the educational programs and activities provided to the public. The rate of \$30 per class hour is expected to generate \$48,000.
- New fees are charged to recover a modest portion of the costs associated with various athletic programs.
 - A new fee will offset the General Fund expenditures associated with Youth Participation, specifically Girl's Fastpitch Softball. The fee of \$5 per participant will raise an additional \$17,400.
 - The Adult Participation Fee of \$6 will increase to \$8. The increase will generate \$26,000.
 - The current Tennis Participation Fee of \$5 per participant is will increase to \$8. The increase will raise an additional \$1,500.
 - The current rates for the McFarlin Tennis Leagues and Tournaments is \$35 per participant and \$175 per team. The new adjustment will increase the rates to \$45 per participant and \$200 per team. This will generate \$7,600.
- The structure of the reservation fees associated with Downtown and Alamo Plaza will include an additional category for Film or Photo production. The fee will be \$200 for the first four hours and \$40 for each additional hour. The total revenue generated by these adjustments is \$1,800
- The rate structure to recover the costs of the Restitution Program will change from \$11.85 (\$8.25 + benefits) per referral to \$15.00 flat rate per referral to other entities. This will provide an additional \$4,320 in revenue.
- A \$1 dollar per ticket fee will be added to all tickets sold at Sunken Gardens Theater to help recover costs for capital improvements to the facility.

The Police Department adopted the adjustment to three fees that will generate a total of \$223,311 in additional revenue for the General Fund.

- The Alarm Permit Fee is currently assessed every year as a means of keeping alarm records information more current. The residential Alarm Permit Fee and Renewal Fee is \$10 and the commercial Alarm Permit Fee and Renewal Fee is \$25. A new fee is being charged for response to those residences that do not have a permit. The Unpermitted Alarm Fee will be \$25 per incident and will generate an additional \$166,711 in revenue.
- The Auction Processing Fee was created to cover some of the administrative costs of conducting auctions of unclaimed/abandoned vehicles at the Growden Car Pound Facility. The current fee of \$5 per auction, which has not been increased since 1999, will increase to \$10 per auction. An additional \$56,600 will be generated by this increase.

The Public Works Department adopted implementation of parking fees associated with the daily parking operation of the Municipal Court parking lot. It was suggested by a BLS program group that the City look at charging for parking at the Municipal Court Building to help in recovering the cost of operating the City's court system. In response, the Adopted Budget includes that a Parking Attendant position be created in the Public Works Department's Parking Division to collect a \$3 charge for each car parking at the Municipal Courts lot. The gross revenue to the General Fund will be \$220,875. After recovering the cost of the Parking Attendant position, it is estimated that \$159,073 in added revenue to the General Fund in FY 2004 will be realized.

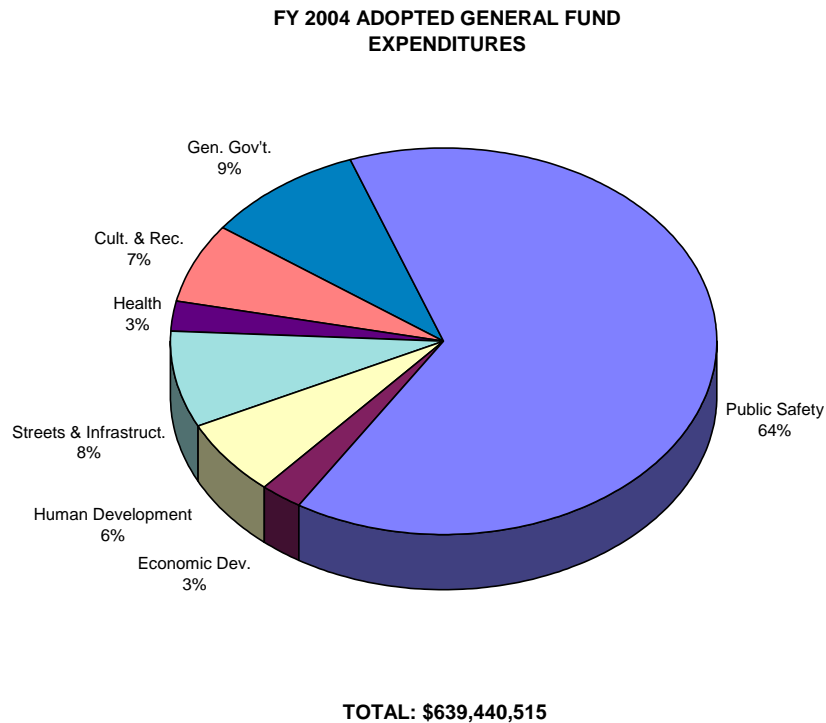
● Fund Balance

The final element of resources available in the General Fund is the fund balance in excess of the \$23.17 million Reserve for Revenue Loss. The General Fund is estimated to have an unreserved fund balance of \$30.41 million that will be used to augment available resources for FY 2004.

GENERAL FUND EXPENDITURES

The FY 2004 Adopted General Fund expenditures are **\$639.4 million**. This amount represents a 6.3% increase over the FY 2003 Adopted Budget. This section will discuss current services, proposed changes to service delivery and mandated changes to service delivery. For purposes of presentation, the Emergency Medical Services (EMS) Fund and the Streets Maintenance Fund, which are dependent on the General Fund, will also be discussed in this section.

The pie chart below depicts the seven general areas of service delivery among which the \$639.4 million in General Fund expenditures is adopted for appropriation.



● Current Services

The current services budget represents the cost of providing services at the FY 2003 level before mandates or improvements are considered. Current services takes into account the full cost of existing personnel at FY 2003 staffing levels. No increases in civilian employee compensation are assumed in estimating the personnel cost component of the current services budget. The FY 2004 current services budget does, however, reflect significantly increased expenditures over the FY 2003 budget that are needed to accommodate cost increases that have been experienced in Employee Health Insurance and Workers Compensation program expenses.

More information on the rationale for the assessment rate increase for the Employee Health Insurance will be provided in detail in the FY 2004 Other Funds section of the Executive Summary. The total added cost impact to the General Fund for the self-insurance fund assessment rate increases is \$4.15 million.

The Employee Benefits Fund supports the City's employee health insurance program that provides health insurance for each employee and his or her dependents at no cost to the employee, if the employee selects the standard CitiMed program. Employees, if they wish, may supplement the City's contribution to receive coverage under a Health Maintenance Organization (HMO). The program has experienced dramatically increased costs for medical claims and prescriptions that have placed the Employee Benefits Fund in shortfall situation since the end of FY 2000. Specifically, medical claim costs rose 14.85% in FY 2001 and by 14.04% in FY 2002. Prescription costs rose 36.4% in FY 2001 and by 23.93% in FY 2002. The trend for cost increases is expected to continue with a 15% projected increase in overall medical costs for FY 2004 with prescription costs increasing at a rate of 15% to 20% in FY 2004. In response, the Financial Forecast recommended a series of assessment rate increases to be implemented over each of the next five years to minimize the adverse impact on the Employee Benefits Fund balance over the next five years. The percentage increase of the assessment rate included in the Adopted Budget for FY 2004 is 11% over FY 2003. The impact to the General Fund is \$4.15 million in additional expenditures in FY 2004.

● City Council Budget Priorities - Changes to Service Delivery Overview

Overall, the FY 2004 Adopted Budget includes **\$28 million for program improvements, \$7.7 million in mandated improvements and \$12.5 million in redirections/reductions**. Departments reviewed current services and programs, and by using City Council's Budget Priorities, identified proposed service level enhancements and opportunities to reduce expenditures or redirect resources to higher priority areas. The City Manager and the Management Team reviewed the anticipated effect to services and fiscal impact of the proposals.

The City Council's 277 prioritized City services ranking were used by staff as a guide in the development of the FY 2004 Adopted Budget. The reductions, redirections, mandates and improvements included in the Adopted Budget are described here in terms of these priorities and grouped by the below overall Action Categories of City Services listed in ranked order.

1. Existing Infrastructure
2. Public Safety
3. Elderly Services
4. Neighborhoods
5. Economic Development
6. Housing
7. Employee Services
8. Human Development
9. Youth Services
10. Parks
11. Libraries
12. Accountability
13. Environment
14. Customer Service
15. Health
16. Downtown
17. Education/Training
18. Convention/Tourist Industry
19. Recreation
20. Arts/Culture
21. Development Services
22. Technology
23. Organizational Support

The Adopted Budget contains **\$12.5 million** in savings in General Fund reductions and redirections. Six types of adopted reductions are presented:

- Mid-Year Reductions adopted to remain permanent in FY 2004 (\$1.9 million)
- Tier Three adopted Reductions (\$8.55 million)
- Tier Two adopted Reductions (\$1.26 million)
- Tier One adopted Reductions (\$838,830)

Among the General Fund reductions include **the elimination of a total of 55 positions, 15 of which are filled and 40 of which are vacant**. In most cases the workload of the eliminated positions will have to be redistributed among remaining staff members in each affected work unit with a corresponding loss in efficiency and responsiveness. In other cases, as noted below, specific service levels will be significantly reduced or curtailed altogether.

● **Permanent Mid-Year Reductions - \$1.9 million**

Staff re-evaluated the amount of mid-year reductions implemented in the middle of FY 2003 and recommend that a total of \$1.9 million of the reductions be continued in FY 2004. Of this amount, the reductions consist of \$1.13 million in Tier Three services, \$423,929 in Tier Two services and \$365,164 in Tier One services. No adverse impact to service delivery is anticipated from making the mid-year year reductions selected below permanent. The reductions are listed below by Action Category and by Council service priority.

◆ **ORGANIZATIONAL SUPPORT REDUCTIONS - \$1.28 million**

Fiscal & Personnel Management (#228) - \$1.274 (Tier Three)

City Manager's Better Jobs Office. Two reductions totaling \$62,806.

- \$53,191. Eliminate one vacant Senior Management Analyst assigned to monitor benchmark implementation for the Better Jobs Program.
- \$9,615. Reduce individual administrative support line items.

Community Initiatives. Realize savings through the management of vacant positions in the amount of \$40,407.

Development Services. Reduce individual administrative support line items totaling \$49,111.

Fire. Temporary service expenditures will be reduced by \$13,851.

Finance. Realize \$40,000 in savings through the management of vacant positions.

Health. Realize savings of \$100,00 through the management of vacant positions.

Municipal Courts. Eliminate one vacant Municipal Court Assistant position for savings of \$32,514. This position is assigned administrative duties in the Magistrate Administration Section.

Non-Department/Non-Operating Offices. Reduce individual administrative support line items totaling \$18,933.

Parks. Two reductions totaling \$751,561.

- \$640,360. Realize savings through the management of vacant positions.
- \$111,201. Reduce individual administrative support line items.

Police. Eliminate individual administrative support line items totaling \$12,720 associated with the Police Accreditation Program. This reduction will eliminate the program.

Public Works. Realize \$149,707 in savings from the management of vacant positions.

City Clerk (#227) - \$5,500 (Tier Three)

City Clerk. Reduce individual administrative support line items totaling \$5,500.

◆ **LIBRARY REDUCTIONS - \$323,929**

Central Library (#148) - \$323,929 (Tier Two)

Library. Eliminate seven vacant Librarian positions at the Central Library for total savings of \$323,929. Specifically, two Librarian III positions, three Librarian II positions, one Librarian I position and one Library Assistant II position will be eliminated. This reduction will eliminate the Fiction Desk and the Periodical Desk at the Central Library – customers will be directed to the main service desks.

◆ **YOUTH SERVICES REDUCTIONS - \$17,844**

Curfew Tracking Services (#165) - \$17,844 (Tier Two)

Community Initiatives. Realize rental and related facility savings in the amount of \$17,844 from the recent closing of the Youth Services Division Northwest Center Office in the Vicar Center Building. Staff from the Northwest Center Office were distributed to the remaining five offices of the program.

◆ **HUMAN DEVELOPMENT REDUCTIONS - \$17,401**

Hunger & Homelessness (#88) - \$17,401 (Tier One)

Community Initiatives. Charge off \$17,401 in annual gas and electricity expenses for the Dwyer Avenue Center transitional housing facility to the Dwyer Avenue Center rental income trust fund account.

◆ **PUBLIC SAFETY REDUCTIONS - \$284,685**

Emergency Communications (#25) - \$44,607 (Tier One)

Police. Eliminate one vacant Department Systems Specialist position for savings of \$44,607. This position is assigned automation and related training support functions in the Communications Section.

Emergency Medical Service (#15) - \$73,304 (Tier One)

Fire - EMS. Realize overtime savings in the amount of \$73,304 for coverage of EMS districts. Currently, when a Lieutenant commanding an EMS district is absent on a given shift, another Lieutenant fills in on an overtime basis for the full 24-hour shift. The proposal is to reduce the overtime shift to 18 hours. The 18-hour shift will be scheduled during more operationally demanding hours.

Violent Crimes (#11) - \$41,039 (Tier One)

Police. Reduce fees to the Bexar County Medical Examiner by \$41,039 to reflect actual expenditures for services provided by the Medical Examiner over the last three years.

Patrol (#6) - \$125,735 (Tier One)

Police. Realize overtime savings in the amount of \$125,735 from adjustments made to the shifts of the Downtown Foot and Bike Patrol. Overtime had been required under the old three eight-hour shifts per day schedule. Under the new schedule implemented in May 2003, the three eight-hour shifts were combined into two 10-hour shifts per day. The new working hours reduced the amount of overtime required without a reduction in overall coverage.

● **Tier Three Reductions - \$8.55 million**

The below reductions have been developed using the direction received on service priorities from the City Council's Goals & Objectives Worksession. These recommendations are directly related to services from the lower third (Tier Three) of the City services priority rankings list.

◆ **ORGANIZATIONAL SUPPORT REDUCTIONS - \$7.60 million**

Vehicle Acquisition (#273) - \$5.75 million

Vehicle Replacement (#272)

Vehicle & Equipment Maintenance & Repair (#263)

Fleet Management (#256)

Vehicle Usage and Acquisition. The BLS program produced a suggestion regarding the City's vehicle usage and acquisition policy. Further analysis of the suggestion resulted in the following cost savings proposal for inclusion in the Adopted Budget:

- Reduce the number of vehicles for a General Fund savings of \$978,806 and a total savings in all funds of \$1,504,227. In the General Fund the number of vehicles will be reduced from 3,101 by 70 vehicles to 3,031 vehicles; in all funds the number of vehicles goes from 4,536 by 108 to 4,428 vehicles. Vehicles to be eliminated have been selected on the basis of significantly lower usage than the rest of the City's fleet. The savings will be realized from (1) salvage value of eliminated vehicles, (2) recovery of payments (Rent of Rolling Equipment) made to date for eliminated vehicles into the City's Heavy Equipment and Replacement Fund, and (3) savings in projected maintenance and fuel costs for the eliminated vehicles.

Other Vehicle Usage and Acquisition. Below are additional reductions regarding the City's vehicle usage and acquisition policies. The following are the cost savings for the FY 2004 Adopted Budget:

- Reduce the City's Rent of Rolling Equipment rate for a General Fund savings of \$4.6 million and a total savings in all funds of \$6.7 million. Rent of Rolling Equipment is the assessment by the Heavy Equipment and Replacement Fund that ensures funding for regular replacement of vehicles in the City's fleet. The rate will be reduced across-the-board by 42% on a one-time basis for FY 2004. For the General Fund, this reduction generates one-time savings of \$4.6 million in FY 2004 and \$2.1 million in savings for other funds. Based upon an assessment of the City's long-term fleet acquisition and replacement plan, the fund will continue to be able to meet requirements for scheduled vehicle replacement for next year and in the outyears, although with less of a fund balance for contingency reserves.
- Eliminate the Vehicle Administration Fee for a savings to the General Fund of \$176,865 and a total savings in all funds of \$255,907. The Purchasing Department is funded through an Internal Service Fund that is designed to recover the full cost of purchasing activities. In this regard, the department is responsible for keeping registration records and vehicle inspection records current for all City vehicles and currently assesses a Vehicle Administration Fee of \$7.50 per vehicle per month for this service. This fee will no longer be assessed under the Adopted Budget.

Fleet Management (#256) - \$69,325

Police. Eliminate two filled Police Service Agent positions by altering the operating procedures for the motor pool maintained at Police Headquarters for net savings of \$69,325. Currently four Police Service Agents staff the motor pool dispatch building 365 days a year. Under the proposal, the hours will be changed to Monday through Friday weekly with no staff assigned to weekends. Additionally, the proposal provides for contracted security services to be provided during periods that City staff is not present.

Fiscal & Personnel Management (#228) - \$1.58 million

All Departments. Reduce the office supply budget in all departments by 25% for savings to the General Fund of \$298,099

Asset Management. Eliminate one filled part-time Office Assistant position in the Director's Office for savings of \$10,075.

City Clerk. Realize \$13,217 in savings through the management of vacant positions.

Code Compliance. Reduce the temporary services line item for a savings of \$2,000.

Community Initiatives. Eliminate one filled Secretary I position in the Fiscal and Personnel Management section for savings of \$30,983.

Development Services Realize savings through the management of vacant positions in the amount of \$100,000.

Economic Development. Eliminate one vacant Secretary II position in the Small Business Division for savings of \$29,454.

Finance. Eliminate a one vacant Senior Office Assistant position providing administrative services in the Accounting Division along with various line item expenditures for total savings of \$50,401.

Fire. Eliminate one vacant Administrative Assistant II position for savings of \$41,051.

Health. Two reductions totaling \$119,981.

- \$93,370. Eliminate one vacant Assistant Director position.
- \$26,611. Eliminate one vacant Public Health Aide position providing administrative support to the Immunization Division.

Municipal Courts. Eliminate one vacant Assistant Director position.

Parks. Redirect one Graphics Designer position to the External Relations Department. The position will coordinate External Relations printing operations and will be supported by the Purchasing Fund for savings to the General Fund amounting to \$46,731.

Planning. Two reductions totaling \$50,219.

- \$43,304. Eliminate payments by not renewing the City's contract with the Neighborhood Resource Center for the distribution of planning-related information. Planning-related information will be made available from the City directly, particularly from the City's Internet site.
- \$6,915. Reduce individual administrative support line items.

Police. Three reductions totaling \$297,049.

- \$260,900. Delay the start of a police cadet class by two months (from September 15 to November 10).
- \$5,000. Reduce individual administrative support line items associated with the Executive Protection program.
- \$31,149. Eliminate one vacant Senior Police Service Agent position providing administrative support in the Research and Planning Section.

Public Works. Reduce temporary services by \$17,000.

Cellular Phones and Pagers. A total of six suggestions came from the BLS program related to use of cellular phones and pagers by the City. After review of the suggestions, the following are included in the Adopted Budget that address cellular phones and pagers.

- Reduce the number of cellular phones for a General Fund savings of \$96,312 and a total savings for all funds of \$125,592. Specifically, the elimination of 15% of all cellular phones in departments with five or more cellular phones assigned. The number of cellular phones will be reduced from 1,292 to 1,103, a reduction of 189.
- Replace City-assigned cellular phones used by members of the Executive Team with a monthly cellular phone allowance of \$70 for use by Executive Team members in obtaining separate cellular phone service. The Mayor and City Councilmembers will be given the option to participate in the allowance plan. The estimated General Fund savings is \$48,720 and the estimated savings for all funds is \$63,840.
- Place high usage cellular phone users on the optional flat rate plan available to the City. The estimated saving for the General Fund is \$57,173 and the total savings for all funds is \$63,060.
- Remove pagers from employees also assigned a cellular phone for General Fund savings of \$5,902 and total savings for all funds of \$9,350.

Travel. One BLS suggestion addressed the costs incurred by overnight official travel to locations within 200 miles of San Antonio (e.g. Austin). In response, the Adopted Budget includes that any overnight lodging expenses associated with official travel to Austin not be reimbursed with the exception of travel required during the biennial sessions of the Texas Legislature. Estimated savings to the General Fund is \$8,773 and total savings for all funds is \$14,000. Travel mileage to Austin will still be reimbursable.

Equipment Purchasing. Another BLS suggestion recommended that the City more closely evaluate how equipment purchases are budgeted and approved. The following process will be for oversight of equipment purchases for implementation in FY 2004 and to be managed by the Office of Management & Budget (OMB):

- The term "equipment" as applied here includes all capital outlay to include, but not limited to, tools, furniture, communications equipment, computers, machinery, vehicles and associated parts.
- All equipment purchase requests valued at \$1,500 or greater will be reviewed by an OMB budget analyst. The budget analyst will focus on whether or not the requested piece of equipment is a replacement or an addition to the department's equipment inventory. If the requested equipment is an addition or an upgrade to an existing piece of equipment, then the budget analyst will make a recommendation to the OMB director as to whether or not the request is sufficiently justified.
- All equipment purchase requests valued from \$1,500 to \$14,999 must be approved by the appropriate department head and by the OMB director.
- All equipment purchase requests valued at \$15,000 or greater must be approved by the appropriate department head, by the OMB director and by the appropriate Management Team member.

Municipal Court Parking. It was suggested by a BLS program group that the City look at charging for parking at the Municipal Court Building to help in recovering the cost of operating the City's court system. In response, the Adopted Budget includes that a Parking Attendant position be created in the Public Works Department's Parking Division (with associated equipment for a total cost of \$61,802) to collect a \$3 charge for each car parking at the Municipal Courts lot. After recovering the cost of the Parking Attendant position, it is estimated that \$159,073 in added revenue to the General Fund in FY 2004 will be realized.

Vehicle & Equipment Maintenance & Repair (#263) - \$60,000

City-Wide. Currently, the City's Fleet Operations charge \$44 per hour for services rendered on City fleet vehicles. The rate will be reduced to \$43 per hour, to better align the actual costs of providing fleet maintenance services. For the General Fund this will result in \$60,000 in annual savings.

Office Supply Program (#274) - \$90,000

City-Wide. Currently, the City's Purchasing Department assesses a 15% mark-up on filling orders for office supplies from various departments. In anticipation of the operational savings in the filling of orders to be realized with the implementation of the ERM system it is approved that the 15% mark-up be eliminated providing \$90,000 in savings to the General Fund.

Warehouse Operations (#266) - \$54,000

Parks. It is approved that one filled position in Parks Warehouse Operations be eliminated for a savings of \$54,000. Ten positions will remain in Warehouse Operations after the adopted reduction.

◆ CUSTOMER SERVICE REDUCTIONS - \$151,516

Speakers Bureau (#252) - \$1,500

Customer Service/311 System. Eliminate the printing of City Speaker's Bureau brochures for savings of \$1,500. Information related to the Speaker's Bureau will be posted on the City's Internet site.

Special Projects/Public Information Office (#210) - \$118,516

Fire. Eliminate one filled District Chief position responsible for the Fire Department's Special Projects Office resulting in savings of \$118,516. Remaining staff in the Fire Chief's office will assume the responsibilities of the eliminated position.

Customer First (#204) - \$4,500

Customer Service/311 System. Reduce printing expenses by \$4,500.

Parks Reservation (#229) - \$27,000

Parks. It is approved that one filled Office Assistant position in the Parks Reservations office is eliminated for savings of \$27,000. Three positions will remain in this office to continue providing the service in addition to the City's Community Link Centers.

◆ RECREATION REDUCTIONS - \$227,469

Tennis Program (#260) - \$124,591

Parks. Three Reductions totaling \$124,591.

- \$33,686. Eliminate one filled Senior Recreation Specialist that assists in managing the McFarlin Tennis Center. Reduces full-time positions from three to two.
- \$16,905. First year savings from the conversion of lighting at the McFarlin Tennis Center from quartz lights to metal halide lights.
- \$74,000. It was approved that the McFarlin Tennis Center be closed on Mondays and Tuesdays. The closure will necessitate the elimination of five positions (three filled and two vacant).

Botanical Garden (#249) - \$68,878

Parks. Three Reductions totaling \$68,878.

- \$15,000. Reduce budget for botanical and agricultural supplies from \$65,810 to \$50,810.

- \$43,928. Eliminate two Maintenance Workers - one filled and one vacant. Janitorial services will be provided contractually.
- \$9,950. Eliminate funding support for the County Horticulturist within the Texas Extension Service. These services are no longer required.

Athletics Program (#193) - \$34,000

Parks. The FY 2004 Budget includes funding to support 46 summer Kid Quest sites at various schools throughout the community in the summer of 2004. Due to ongoing capital improvements occurring at various schools, it is anticipated that at least two of the sites are likely to be unavailable next summer. Site unavailability will result in \$34,000 in projected savings in FY 2004.

◆ PARKS REDUCTIONS - \$26,870

City Cemeteries (#246) - \$26,870

Parks. Eliminate one filled Equipment Operator I position providing maintenance at the San Jose Burial Park for savings of \$26,870. Restitution workers will be utilized to provide maintenance.

◆ EXISTING INFRASTRUCTURE REDUCTIONS - \$13,500

Catalog of On-Site Artist Services (COSAS) Program (#242) - \$13,500

Public Works. Redirect expense of COSAS program to the Cultural Affairs Office to be supported by the Convention & Visitor Facilities Fund for savings of \$13,500. The COSAS is an Internet directory providing a central place for the architects, interior designers, landscape architects, engineers, and developers to access services of local professional artists in the development and enhancement of capital projects. The Cultural Affairs Office will maintain the current directory without expansion.

◆ TECHNOLOGY REDUCTIONS - \$58,639

Management Information Services (#213) - \$58,639

Fire. Eliminate one filled Software Specialist position providing support to Fire Department automated systems for savings of \$58,639. The duties of the position will be undertaken by the Department Systems Supervisor.

◆ ACCOUNTABILITY REDUCTIONS - \$268,617

Contract Management (#206) - \$57,659

Economic Development. Eliminate one vacant Senior Economic Development Specialist position for savings of \$57,659.

Administrative & Financial Services (#194) - \$210,958

City Attorney. Eliminate four vacant positions for savings of \$210,958. Specifically, two Paralegal positions, one Assistant City Attorney III position and one Assistant City Attorney II position will be eliminated in anticipation of a reorganization in the City Attorney's office that will be addressed later in the Executive Summary.

◆ **HEALTH REDUCTIONS - \$120,891**

Vector Control (#201) - \$27,542

Health. Redirect one Vector Control Technician position to a Bio-Terrorism grant program for savings of \$27,542 in the General Fund.

Disease Control/Sexually Transmitted Disease (STD) Control (#197) - \$93,349

Health. Eliminate one vacant Licensed Vocational Nurse position in the STD Clinic for savings of \$33,349. The duties of this position will be absorbed by the two remaining Public Health Nurse positions in the STD Clinic.

Health. It is approved that six Environmental Health positions in the Health Department be charged off to a grant program sponsored by the Agency for Toxic Substance and Disease Registry (ATSDR). The saving anticipated to the General Fund is \$268,000.

◆ **EMPLOYEE SERVICES - \$48,000**

Temporary Services (#212) - \$48,000

City-Wide. It is approved that funds spent for temporary clerical services in the General Fund be reduced by \$48,000.

◆ **PUBLIC SAFETY - \$42,000**

Executive Protection (#238) - \$42,000

Police. It is approved that one spare vehicle assigned to Executive Protection be eliminated for a savings of \$22,000 in FY 2004. Additionally, it is approved that \$20,000 in further savings in overtime for Executive Protection be identified for FY 2004.

● **Tier Two Reductions - \$1.26M**

The below Reductions have been developed using the direction received on services priorities from the City Council's Goals & Objectives Worksession. These are directly related to services from the middle third (Tier Two) of the City services priority rankings list.

◆ **DOWNTOWN SUPPORT REDUCTIONS - \$26,649**

River Operations (#170) - \$26,649

Parks. Eliminate one vacant Maintenance Worker position in River Operations for savings of \$26,649. This reduction will reduce the number of positions assigned from five to four.

◆ **HEALTH REDUCTIONS - \$86,149**

Adult Health/Breast/Cervical Cancer Screening Program (#169) - \$33,349

Health. Eliminate one vacant Licensed Vocational Nurse position in the Adult Health Program for savings of \$33,349. This program provides breast and cervical cancer screening services. The duties of the position will be assumed by the remaining five positions assigned to the program. According to new U.S. Preventative Task Force guidelines issued in 2003, women over the age of 30 who have had three normal cervical cancer screenings within the last ten years, may be screened every three years. These new guidelines will allow the Health Department to reduce the number of women in this age group receiving these screenings and allowing more focus on patients who are in higher risk categories.

Animal Care (#163) – \$15,000

Health. Eliminate funding for wildlife consultation services with the Texas Wildlife Damage Management Service for savings of \$15,000.

Laboratory (#174) - \$37,800

Volume Discounting of Health Laboratory Testing Services. It was proposed by a BLS group that the Health Department provide volume discounting on its laboratory services for customers such as Bexar Met. Laboratory testing revenue declined when the water test fee was increased from \$10 to \$15 during the 1990's. The Health Department has compared its rate of \$15 per test to other local and statewide providers and found the City's rate to exceed the average. A discounted rate based on volume will attract larger purveyors having a greater number of samples to submit.

The Adopted Budget includes a new tier-based pricing schedule, based on volume, that will not decrease the prices for current clients but will decrease the price for larger volume requests. The adopted pricing follows:

<u>Samples per Month</u>	<u>Cost</u>
Less than 25	\$15.00 / test
25 to 50	\$12.50 / test
Greater than 50	\$10.00 / test

The estimated added annual revenue from the adopted new pricing schedule is \$37,800.

◆ **YOUTH SERVICES REDUCTIONS - \$98,986**

Curfew Tracking Services (#165) - \$9,486

Community Initiatives. Realize rental and related facility expense savings in the amount of \$9,486 from the relocation of staff at the Youth Services Southside Office from Roosevelt Avenue to the Columbia Heights Learning and Leadership Development Center.

Urban SmARTS (#147) - \$77,820

Community Initiatives. Eliminate General Fund contribution for contractual position providing coordination services for the Urban SmARTS program for savings of \$77,820.

Project WORTH/Health (#142) - \$11,680

Health. Eliminate funding for part-time security personnel assigned to Project WORTH clinic sites and neighborhood events for savings of \$11,680. This reduction will reduce the number of hours clinic sites are available after dark.

◆ **PARKS REDUCTIONS - \$94,234**

Special Facilities (#164) - \$38,847

Parks. Keep vacant two positions at the Tower of Americas during the upcoming renovation in FY 2004 for savings of \$38,847. Specifically, one Visitors Service Representative position and one Maintenance Worker position will remain vacant during the renovation.

Natural Park Areas (#162) - \$28,609

Parks. Eliminate one vacant Equipment Operator I position for cost savings of \$28,609 assigned to natural parks areas maintenance to include the Edwards Aquifer areas acquired with Proposition 3 funds. Four positions remain to provide maintenance services.

Park Construction Crew (#124) - \$26,778

Parks. Eliminate one vacant Electrician Helper position assigned to the Park Construction Crew for savings of \$26,778. An existing Electrician position will assume the duties assigned to the eliminated position.

◆ **EMPLOYEE SERVICES REDUCTIONS - \$3,175**

Recruitment & Support (#137) - \$3,175

Human Resources. Reduce temporary services expenditures in the Recruitment & Support Division by \$3,175.

◆ **HUMAN DEVELOPMENT REDUCTIONS - \$226,677**

Delegate Agencies (#136) - \$156,677

Contribution to Delegate Agencies. Two reductions totaling \$156,677.

- \$146,677. Reduce the General Fund budget for contributions to delegate agencies by 3% from \$4.89 million to \$4.74 million. With the exception of agencies providing elderly and disabled services, all

agencies will receive an across-the-board 3% reduction. A high priority was assigned by the Council to elderly services. It is approved that agencies providing elderly and disabled services not be reduced in funding, except for the Activity Center for Frail and the Elderly. This agency will receive \$5,395 less than received in FY 2003 due to having had insufficient capacity to meet its performance objectives for FY 2003.

- \$10,000. Reduce the General Fund agency contribution to the San Antonio Zoological Society by \$10,000 from \$48,288 to \$38,288. Under the Adopted Budget, the Zoo will receive \$591,265 from the Community & Visitors Facilities Fund and \$290,000 from the Parks Department budget to pay for the provision of water. The total City support for the Zoo under the Adopted Budget will be \$919,553.

Community Center Program (#129) - \$70,000

Parks. The Lockwood Community Center is a relatively low-use facility. Other facilities such as Fairchild Community Center with extensive programs will provide programs for participants who have used the Lockwood Center. It is approved that the center be closed resulting in annual savings of \$70,000 and the elimination of three filled positions.

◆ LIBRARIES REDUCTIONS - \$94,670

Branch Libraries (#125) - \$94,670

Library. Two reductions totaling \$94,670.

- \$28,228. Savings achieved through an agreement between the Library and the North East Independent School District (NEISD) to reduce public service hours at the Reagan High School Branch Library.
- \$66,442. Savings from a 3% reduction in the General Fund library material budget from \$2.21 million to \$2.15 million in FY 2004. The library material budget for all funds in FY 2004 will be \$2.57 million.

◆ DEVELOPMENT SERVICES - \$630,930

Inspections (#177) - \$630,930

Application of Updated Residential Valuation Table. One BLS group pointed out that the residential valuation schedule used by the Development Services Department as the basis for the assessment of plan review and building permit fees has not been modified in over 15 years. As a consequence of the outdated table, residential development projects have been significantly underestimated in value in the calculation of fees associated with plan reviews and building inspections. In concurrence with this suggestion, the Development Services Director will apply an updated residential development valuation table published by a national building inspection professional association with values modified to reflect the San Antonio market. Full fees calculated from the table will be applied to homes valued at \$100,000 and above. For homes valued at less than \$100,000, the fee calculated from the table will be discounted by 25%. The additional revenues projected from use of the updated table are estimated at \$630,930 in FY 2004.

The \$630,930 in added revenues from the valuation table update when combined with \$518,681 in added resources from twelve other Development Services-related revenue adjustments discussed in the General Fund Revenues section total \$1.15 million in additional resources. These resources will provide support to a total of \$1.02 million in improvements to customer service in the Development Services Department detailed in the Proposed Improvements section.

● **Tier One Reductions - \$838,830**

◆ **EXISTING INFRASTRUCTURE - \$393,000**

City Building Maintenance (#17) - \$193,000

Public Works. It was approved that custodial maintenance activities in downtown City buildings be reduced in FY 2004. The frequency of the provision of certain services will reduce from a daily basis to an as-needed basis such as vacuuming and the cleaning of elevators. This reduction will require the elimination of four vacant positions with savings of \$110,000 to the General Fund.

Public Works. It is approved that three vacant building maintenance trades positions in the Public Works Department be eliminated for savings of \$83,000 to the General Fund.

Traffic Signal/Sign Program (#3) - \$200,000

Installation of Light Emitting Diodes in Traffic Signals. A BLS recommendation was to replace the incandescent bulbs currently in traffic signals with light emitting diode (LED) bulbs that require less energy to operate efficiently. The City has 1,069 traffic signals under its control and replacement of all current bulbs with LED bulbs will save the City over \$706,600 a year in electricity costs.

The City will apply to the State of Texas' Lonestar Program for one-time resources for acquisition of the new LED bulbs for City traffic signals. The use of the Lonestar program will require the payment of interest and principal. The operating saving to the General Fund will be \$200,000 per year.

◆ **PUBLIC SAFETY - \$445,830**

Court Administration Support/Traffic (#50) - \$30,000

Municipal Court Internet Transaction Payments. It was recommended by a BLS group that the City seek ways to help recover its costs of providing Internet access to its services by assessing a convenience fee to certain transactions. In analyzing this recommendation, it was concluded that keeping most of the City's Internet-based services free encourages more citizens to use the City's Internet site which, in turn, increases productivity of staff that would otherwise have to provide the service. Nevertheless there remains certain transactions that lend themselves more than others to being assessed a convenience fee. The ability for persons to access the City's Internet site to pay Municipal Court fines was selected as one such transaction type for which the assessment of a convenience fee can be justified. Specifically, the Adopted Budget includes that a \$4 per transaction fee be assessed. Assuming 7,500 transactions involving traffic, parking and misdemeanors an additional \$30,000 is estimated to be generated from the new fee to help offset the City's cost for fees to credit card companies for providing the service.

Prosecution (#35)

Code Enforcement and Compliance Division. A suggestion from the BLS process arose to establish a unit within the City Attorney's Office comprised of attorneys and support staff that would aggressively seek to recover amounts owed to the City due to breach of contracts or for chronic violations of the City Code.

The City Attorney also adopted establishing a division with further refinement through the reallocation of 12 existing positions in the City Attorney's Office and the addition of two positions that will have the following objectives:

- Bring more focused enforcement actions against owners of buildings and property who fail to maintain the property in compliance with the City Code
- Aggressively recover damages from persons or entities that breach contracts with the City
- Establish a new in-house ability to bring eminent domain actions in those instances where the City must condemn easements for capital improvement projects. Currently, the City uses outside counsel for eminent domain actions.

The new Code Enforcement and Compliance Division will include a Deputy City Attorney position, six Assistant City Attorney positions, four Paralegal positions and a Legal Secretary position all from current positions in the City Attorney's Office. An Assistant City Attorney IV position and a Paralegal position are proposed to be created and added to the division. The costs of the two new positions will be offset by charges against the budgets of the capital projects that are being supported with eminent domain actions by the division. The General Fund will incur no additional costs from implementation of this proposal.

Intensive Code Enforcement (#8) - \$415,830

Garage Sale Permit Enforcement. A BLS group proposed that the City increase the Garage Sale Permit fee from \$4 to an amount needed to support increased enforcement against unpermitted garage sales.

In response, the Code Compliance Director included a package of revenue changes and enhanced enforcement. Specifically, the Adopted Budget includes that the Garage Sale Permit fee be increased from \$4 to \$15 and the number of permitted garage sales per year will increase from two to three. The increase will generate \$481,245 on an annual basis in added revenue. Increased enforcement will come from the addition of a Code Compliance Investigator in the Code Compliance Department at a cost of \$50,000. An existing Citizen Action Officer position will be redirected toward monitoring compliance. Also ten existing Code Compliance Inspectors (one per Council District) will focus their attention on garage sale compliance issues on Saturdays and Sundays. Additionally, \$15,415 will be budgeted for printing postage-paid forms for use by current non-City entities that sell Garage Sales Permits on behalf of the City (e.g. HEB grocery stores) to report individual permit sales back to the City so that the City's Garage Sales Permits data base can be updated on a regular basis. This improvement will help ensure that the requirement that a resident can have no more than three garage sales per year is met. The net additional revenue to the City's General Fund from implementation is \$415,830.

● **Adopted Redirections**

The Adopted Budget contains four redirections involving the reallocation of existing resources. Each of the redirections is described below by overall Action Category and City service:

◆ **PUBLIC SAFETY REDIRECTION**

Patrol (#6) (Tier One)

Police. Increase Police Patrol Availability (PAF) by more closely following state law requirements for reporting traffic accidents on public streets and the practices of other major cities. Texas law requires that only accidents in which there is damage of \$1,000 or more to any vehicle or any claim of injury by the driver(s) or passenger(s) be reported to the state on an accident report form. Other accidents are considered "minor" accidents. The policy change will require SAPD officers to make the scene of minor accidents, prevent breaches of the peace, and hand out driver information forms so that drivers can exchange information required for insurance and personal purposes. A brief Incident Report will detail the actions of the officer. The policy change of not requiring a detailed accident report on every accident will have the effect of releasing 17 officers to more direct crime fighting efforts thus increasing the Patrol Availability Factor from 38.9% to 39.9%. The redirection is equivalent of adding 17 officers to patrol.

◆ **ELDERLY SERVICES REDIRECTION**

Comprehensive Nutrition Project (#16) (Tier One)

Community Initiatives. An Office of Elderly Affairs will be established in the Community Initiatives Department through the redirection of resources within the department. Specifically, the Office will be responsible for ensuring that an integrated and comprehensive strategy is maintained at the local level and that a coordinated discussion and development of policy issues and collaboration among and with the public, private and provider sectors be promoted. It will have a distinct arm that will be the central point for dissemination and communication of information on available senior services within San Antonio and Bexar County. The Office will collaborate with agencies such as the Bexar Area Agency on Aging (Alamo Area Council of Governments), the United Way and the City/County Joint Commission on Elderly Affairs. Seven existing positions within the Community Initiatives Department will be reallocated to provide staffing for the new office.

◆ **ECONOMIC DEVELOPMENT REDIRECTION**

Light Industry Development (#69) (Tier One)

Economic Development. One Special Projects Coordinator position from the Downtown Operations Office and one Senior Special Projects Manager from the Better Jobs Office will be moved to the Economic Development Department to augment further the department's industry and workforce development resources. It is anticipated that this redirection of staff will further augment efforts to coordinate, develop and implement programs and initiatives related to education, workforce and economic development.

◆ **EMPLOYEE SERVICES REDIRECTION**

Training (#120) (Tier Two)

Human Resources. The Adopted Budget includes the transfer of one Organizational Performance Manager position from the Performance Analysis Team to the Human Resources Department to provide in-house facilitation, specialized training for City departments and development of a mentor program.

◆ ACCOUNTABILITY REDIRECTION

Contract Management (#171) (Tier Two)

Asset Management. Over the last two years, the primary emphasis of the Contract Services Division (CSD) in the Asset Management Department has been on processes related to the planning and execution of a contract. In coordination with other City Departments, CSD has developed and documented contracting procedures that promote consistent and effective contracting, and has provided training to staff on how to conduct a successful contracting initiative. The department recently presented to City Council the Contracting Policy & Procedures Manual to act as a guide for employees conducting contracting initiatives in departments. The department has also certified 113 employees throughout the City organization and provided a core course of training.

The redirection of three vacant Special Project Coordinator positions from the Quality Assurance Team to CSD will provide for an expanded focus on the post-execution, "performance phase" of high-risk contracting, where goods and services are actually provided by a contractor or vendor. This organizational realignment will help to ensure that contract deliverables are provided in accordance with terms and conditions, and make certain that City operational goals are met. CSD will vigorously pursue this next phase of focusing on contract administration and monitoring by implementing a training regimen for departmental personnel and establishing standards.

In light of the magnitude of City contracting, and in view of the budget constraints facing the City over the next few years, it is particularly critical that the City have staff focused on the successful provision of contracted goods and services and the enforcement of contractual terms and conditions. These Special Project Coordinators will provide assistance to all City departments in the development of quantifiable and verifiable contract measures, and particularly in the post-execution monitoring of high-risk contracts.

◆ DEVELOPMENT SERVICES REDIRECTION

Addressing (#182) (Tier Two)

Development Services. The Adopted Budget includes that one Senior GIS Technician position in the Information Technology Services Department be transferred to the Development Services Department to help ensure more rapid resolution of address conflicts in the Development Services automated support system.

◆ OTHER REDIRECTION

Other Programs (#999) (Other)

City Council. It is approved that Contingency Funds for the Mayor and each Council District be eliminated for a total savings of \$220,000.

● **Mandated Improvements to Service Delivery**

The Adopted Budget contains **\$7.7 million** in mandated improvements. Mandates are defined as programs which the City must support as required by federal, state, or local law; required by contractual obligation; or required to support operation and maintenance costs for completed capital improvement projects. The mandates are described below and categorized by the Council's Budget Priorities.

◆ **EXISTING INFRASTRUCTURE MANDATES- \$12,543**

Streets Maintenance and Construction (#1) - \$12,543 (Tier One)

Public Works – Streets Maintenance. This mandate reflects the added costs (\$12,543) of disposing of waste materials generated by street maintenance operations under terms of City's solid waste disposal contract.

◆ **PUBLIC SAFETY MANDATES - \$5.7 million (Tier One)**

Patrol (#6) - \$930,028

Police. Three mandates totaling \$930,028.

- \$587,448. This mandate represents the contractually required increases in pay as police officers increase their years of service.
- \$332,420. This mandate reflects the costs to operate and maintain 395 additional Field Entry Reporting Systems (FERS) units being installed in FY 2004. These units are part of the overall Public Safety Integrated Technology System (PSITS) that will provide a comprehensive information management system to increase police officer and detective effectiveness while enhancing customer service. Acquisition of this system is supported with funds authorized by the 1999 General Obligation Bond Program. The FERS units will enable officers to enter reports from the field via wireless modem. Other PSITS components will provide for more efficient filing and retrieval of the field-generated data. After 395 more are installed in FY 2004, 105 remain to be acquired and installed, bringing the total of FERS units deployed to 800.
- \$10,160. This mandate reflects the City's match requirement to receive state funds for the Comprehensive Commercial Motor Vehicle Selective Traffic Enforcement Program (STEP). The program is designed to increase enforcement of regulations related to commercial motor vehicles through overtime efforts of Traffic Officers.

Emergency Medical Services (#15) - \$1 million

Fire/EMS. Four mandates totaling \$1 million.

- \$911,065. This mandate reflects the incremental added costs of the collective bargaining agreement approved in May 2002 with the San Antonio Professional Fire Fighters Association. Specifically, the resources provide for a contractually required 3% pay increase, increases to incentives, and the addition of step increases for the ranks of Lieutenant, Captain, and District Chief.
- \$24,600. This mandate reflects the added costs for paramedics to receive increasing amounts of incentive pay as they increase their years of service.
- \$13,920. This mandate reflects the added costs for the increasing number of paramedics who will be eligible to receive education incentive pay according to the fire contract.
- \$94,762. This mandate reflects the contractually required increases in pay as EMS personnel increase their years of experience.

Fire Suppression (#22) - \$3.6 million

Fire. Four mandates totaling \$3.6 million

- \$3.2 million. This mandate reflects the incremental added costs of the collective bargaining agreement approved in May 2002 with San Antonio Professional Fire Fighters Association. Specifically, the resources provide for a contractually required 3% pay increase, increases to incentives, and the addition of step increases for the ranks of Lieutenant, Captain, and District Chief.
- \$72,600. This mandate reflects the anticipated cost of providing contractually required monthly incentive pay to Certified Emergency Medical Technicians (EMT). EMT Certification Pay varies depending on years of service and newly certified EMT's.
- \$102,000. This mandate reflects the added costs for the increasing number of firefighters who will be eligible to receive education incentive pay according to the new fire contract.
- \$269,089. This mandate reflects the contractually required increases in pay as firefighters increase their years of experience.

Park Security (#32) - \$32,131 (Tier One)

Parks. This mandate costing \$32,131 provides partial year first year funding for two Park Police Officer positions to effectively patrol new and improved parkland and facilities located in the Outer District.

Bureau of Justice Assistance Local Law Enforcement Block Grant (#105) - \$61,600 (Tier Two)

Police. This mandate, at a cost of \$61,600, provides for the added operating expenditures associated with police equipment (seven police vehicles) purchased with the FY 2002 Local Law Enforcement Block Grant Match (LLEBG) funds.

◆ ECONOMIC DEVELOPMENT MANDATES- \$183,542

Small & Minority Business Services (#58) - \$98,542 (Tier One)

Non-Departmental/Non-Operating. This mandate represents the annual payments (\$98,542) required for refund of property taxes already collected in association with the Oberthur Gaming Technologies tax abatement.

Light Industry Development (#69) - \$85,000 (Tier One)

Non-Departmental/Non-Operating. CPS has estimated the cost of capital renewals and upgrades to the electric and gas system at Brooks to be \$16 million over the next 20 years. This mandate represents the City's annual payment to assist the Brooks Development Authority (\$85,000) with its share of capital renewals and upgrades for the electric and gas systems at Brooks. The annual payment is made pursuant to the agreement between the City and the Brooks Development Authority.

◆ **PARKS MANDATES - \$1.0 million**

Park Maintenance (#92) – \$1.0 million (Tier Two)

Parks and Recreation. Eight mandates totaling \$1 million

- \$30,503. This mandate adds two Gardener I positions to maintain improvements within Brackenridge Park. Park improvements, including landscape and erosion control, river bend and wilderness area restoration, conversion of paved roads to pedestrian trails, extensive irrigation and construction of a grand entrance from Broadway are scheduled for completion in August 2004.
- \$32,773. The acquisition and subsequent development to newly acquired parks & recreation facilities and improvements of existing facilities has necessitated the need for additional sanitation staff. One additional Maintenance Worker is included in this mandate.
- \$228,162. This mandate provides for enhanced management and maintenance of Edwards Aquifer Parklands acquired through Proposition 3. This mandate adds four Maintenance Worker I's, one Park Maintenance Crew Leader and one Office Assistant.
- \$207,038. This mandate adds two Equipment Operator I's, one Maintenance Crew Leader, and one Landscape Construction Supervisor for Leon Creek Parkland and Salado Creek Parkland acquired through Proposition 3. The mandate addresses the maintenance and possible renovation of existing trails and the development of additional trails all within the floodplain.
- \$44,738. The acquisition and planned development to newly acquired parkland along Leon Creek and Salado Creeks has necessitated the need for additional sanitation staff. Two additional Maintenance Worker I's are included in this mandate.
- \$173,559. This mandate provides for the management and maintenance of the Crownridge Canyon Natural Area acquired through Proposition 3. The improvement to the property is estimated to be completed and open to the public in March 2004. This mandate adds two Maintenance Worker I's and one Park Maintenance Crew Leader.
- \$118,346. This mandate provides for one Maintenance Crew Leader and two Maintenance Worker I's to efficiently and effectively maintain the growing number of playgrounds, skate parks, tennis courts and basketball courts.
- \$210,522. The acquisition and subsequent development of the Medina River Park has necessitated the need for additional staff. The staff will be responsible for all daily functions, maintenance and extensive public educational programming. This mandate provides for one Horticultural Education Coordinator, one Parks Naturalist, two Maintenance Worker I's and one Office Assistant.

◆ **LIBRARIES MANDATES- \$259,659**

Branch Libraries (#125) - \$259,659 (Tier Two)

Library. Two mandates totaling \$259,659.

- \$31,114. This mandate reflects the recurring and one-time operational and staffing costs associated with the Julia Yates Semmes Branch Library. The new branch library is made possible with proceeds from the 1999 Bond Program and is scheduled to open in January, 2005. The following full-time positions will be added: one Librarian III, two Librarian II's, two Librarian I's, one Library Assistant II, one Library Circulation Attendant II and two Library Circulation Attendant I's. The following part-time positions will be added: two Library Assistant II's and two Library Circulation Attendant I's. The second-year cost for this mandate in FY 2005 totals \$486,548.
- \$228,545. This mandate reflects the recurring and one-time operational and staffing costs for the Mystic Park Road Branch Library. The new branch library is made possible with proceeds from the 1999 Bond Program and is scheduled to open in August, 2004. The following full-time positions will be added: one Librarian III, two Librarian II's, two Librarian I's, one Library Assistant II, one Library

Circulation Attendant II, two Library Circulation Attendant I's and one Building Custodian. The following part-time positions will be added: two Library Assistant II's, two Library Circulation Attendant I's, four Library Aides and one Building Custodian. The second-year cost for this mandate in FY 2005 totals \$320,413.

◆ **CUSTOMER SERVICE - \$428,000**

ERM Program Management (#223) - \$428,000 (Tier Three)

General Fund Transfers. This mandate will transfer funds to the Information Technology Services Fund for hardware and maintenance costs associated (\$428,000) with the Enterprise Resource Management System project.

◆ **RECREATION - \$59,436**

Aquatics Program (#159) - \$59,436 (Tier Two)

Parks. This mandate at a cost of \$59,436 provides for six Lifeguards, one Pool Supervisor and one Community Center Leader I for the new LBJ Park/Pool and Skateboard Facility. From April to September the facility will be utilized for public aquatics programs. Construction of the 25-meter junior olympic pool and other water features requires a staff of seven to operate during the summer pool season. During the off-season, the facility will be utilized for skating activities. The additional Community Center Leader I position is needed for the Lou Hamilton Community Center to address the anticipated increase of participation due to the addition of the skate park.

● **Adopted One-Time Improvements to Service Delivery**

The Adopted Budget contains **\$26.91 million** in one-time improvements to service delivery. The improvements will be supported by one-time revenues realized in FY 2003 from \$25.9 million in one-time excess CPS revenues and from \$1 million in one-time escrow proceeds from the City's terminated agreement with Western Integrated Networks (WIN). The improvements are described below and categorized by the Council's Budget Priorities.

◆ **EXISTING INFRASTRUCTURE IMPROVEMENT - \$3.875 million**

Streets Maintenance and Construction (#1) - \$1.875 million (Tier One)

Public Works – Streets Division Trucking Efficiency/Productivity Enhancement. The Adopted Budget includes using one-time revenues in the amount of \$1.875 million toward improving the efficiency and capacity of Street Maintenance and Construction performed by City crews. This improvement will significantly alter the method in which asphalt is delivered to different job sites throughout the City. The funds will be used to acquire 15 truck cabs, 12 thirty cubic yard live bottom trailers and three 30 cubic yard dump trailers along with associated capital outlay thereby reducing the number of trips necessary to haul the asphalt as well as the number of times the asphalt is handled resulting in an improved quality. These vehicles will replace 41 existing dump trucks that have smaller loading capacity which require more trips and more handling. These vehicles will be on line by July 2004 and result in a minimum 5% increase in productivity through the end of the fiscal year. It is anticipated that a full year of operation in FY2 005 will result in an increase in productivity by 15% - 20%.

In conjunction with the replacement of trucking, the Adopted Budget will replace 30 existing Equipment Operator I positions with 15 Senior Equipment Operator positions more qualified to operate the larger vehicles being acquired. Additionally, it includes the improvement of Public Works' in-house capability to provide higher quality engineering support to in-house streets projects with the addition of two Engineer positions, two Senior Engineering Technician positions, two Engineering Technician positions and two vehicles with surveying equipment to support the engineers. This redirection will require no added cost to the General Fund.

Streets Improvements and NAMP Enhancement (#1) - \$2.0 million (Tier 1)

It is approved that \$2 million be added to the Adopted Budget to augment resources available to individual Council districts for various street maintenance and NAMP projects. Specifically, \$200,000 will be set aside for each district. The funds will be used to acquire contractual services to make desired improvements.

◆ **DEVELOPMENT SERVICES - \$240,000**

Two Urban Land Institute (ULI) Studies (Sunset Station/St. Paul's Square & Guadalupe Corridor) (#178) - \$240,000 (Tier 2)

Development Services. It is approved that \$240,000 be set aside from one-time resources to support two studies to be conducted by ULI on the Sunset Station/St. Paul Square area in District 2 and on the Guadalupe Street Corridor in District 5. For each day, it is anticipated that the ULI will provide a panel of eight-to-ten persons with broad experience to examine current land development trends in relation to changing economic and social needs. From this analysis, the ULI panel will make recommendations for development strategies that are appropriate for the area.

◆ **PUBLIC SAFETY - \$750,000**

Emergency Management (#21) - \$300,000 (Tier One)

Southwest Enterprise for Regional Preparedness. The Adopted Budget includes applying \$300,000 of the one-time revenues toward establishing the Southwest Enterprise for Regional Preparedness (SERP) in conjunction with the San Antonio Technology Accelerator Initiative (SATAI). The SERP program will focus on leveraging San Antonio's unique technology assets to capture the economic development opportunities associated with improving the nation's homeland infrastructure. Specifically, SERP will facilitate the creation of new companies in San Antonio to create, manufacture, and sell the products and services developed out of these initiatives.

Contingency Fund for Domestic Violence Grant Program (#98) - \$450,000 (Tier 2)

Police. The Police Department has applied to the Substance Abuse and Mental Health Services Administration (SAMHSA) for a \$1,600,000, four (4) year grant that will improve treatment services to traumatized children and expand the Police Department's Victims Advocacy program. No City matching requirement exists. This grant will be called Children Under Reported Bystanders to Violence (CURB Violence). Its purposes is to improve treatment services to traumatized children through the systematic process of data collection, network collaboration, and expert intervention. The Police Department's Child Services Program will establish a Community Treatment and Service Center (CTST) at each of the Department's substations by adding six trained therapists to improve accessibility and broaden collaboration with local service systems. In the event that the grant is not awarded to the City, it is approved that \$450,000 be set aside as a contingency in FY 2004 to proceed with other initiative involving Domestic Violence. If the \$450,000 is not needed, it is further approved that the funds be redirected to employee benefits fund.

◆ **NEIGHBORHOODS - \$300,000**

Southside Initiative (#63) - \$300,000 (Tier One)

Southside Initiative Master Planning Process. Set aside \$300,000 of one-time resources to initiate the Public Improvement Master Planning process by developing a Public Improvement Plan for transportation and utility infrastructure, and parks and open spaces needs that compliment the vision for the Southside Initiative Community Land Use Plan. The Southside Initiative encourages balanced growth by supporting economic development, creating sustainable communities, and promoting the unique historical, cultural, and environmental assets of the City's southern sector.

◆ **ECONOMIC DEVELOPMENT - \$13.575 million**

Light Industry Development (#69) - \$13.575 million (Tier One)

Economic Development. Three one-time improvements totaling \$13.575 million.

- \$1.45 million. Funding set aside to support additional one-time contractual services needed by the Brooks Development Authority and to supplement capital resources available to enhance the drainage area along the eastern border of Brooks City-Base to facilitate future development.
- \$12 million. From the one-time revenues, make available resources for an Economic Development Incentive Fund and develop criteria to attract large-scale businesses in targeted industries and other significant investments that will serve as economic generators measured by new job creation, economic impact to the local economy, and leverages investment from other entities.
- \$125,000. The Adopted Budget includes funding be set aside to support community efforts to protect military facilities and missions from the next round of military base closures.

◆ **EMPLOYEE SERVICES - \$4.1 million**

Employee Health Insurance (#74) - \$4.1 million (Tier One)

General Fund Departments. In order to keep pace with the rising costs of medical claims and to maintain a high level of health insurance benefits for City employees in FY 2004, the Adopted Budget provides \$4.15 million in one-time resources contributing to the Employee Benefits Fund. To help address the rising costs of providing health benefits, employees will contribute toward health benefits-\$5 per month per single employee and \$15 per month per employee with dependents.

◆ **HUMAN DEVELOPMENT - \$1,014,000**

Hunger & Homelessness (#88) - \$1,014,000 (Tier One)

Special Projects. Seven one-time improvements totaling \$1,014,000.

- \$270,000. Resources to provide 25 pounds of food each for 3,000 disadvantaged senior recipients twice a month in FY 2004 to be administered by the Elderly and Disabled Division of the Community Initiatives Department.
- \$144,000. Funding available to allow the Community Action Division in Community Initiatives to provide emergency shelter on an as needed basis in FY 2004.
- \$200,000. Resources will provide added support to food pantries serving low-income families and strengthen the community's ability to promote maximum participation in the food stamp program.
- \$56,000. In the area of homelessness, funding will support the creation of additional emergency shelter beds in the community.
- \$200,000. Resources will extend mobile canteen.
- \$60,000. Funding will provide day center services to the chronically homeless population.
- \$84,000. Additional resources for oversight and administrative expenses associated with the initiative.

◆ **ACCOUNTABILITY - \$902,383**

Municipal Elections (#175) - \$780,383 (Tier Two)

City Clerk. The Adopted Budget includes the use to one-time resources to support the administration of two elections in FY 2004 – one bond election and one charter modification election - at an estimated cost of \$780,383.

Administration & Financial Services (#194) - \$72,000 (Tier Three)

City Attorney. The Adopted Budget includes \$72,000 to provide one-time legal support services to the City's negotiations with Time-Warner Cable for renewing its franchise agreement with the City. Projected revenue from the Time-Warner Cable agreement in FY 2004 is \$8.2 million.

Study for Contracting Out Parking Services (#157) - \$50,000 (Tier 2)

In order to provide alternatives for the City to consider, \$50,000 will be set aside to acquire consulting services for a study on the possibility of contracting out the operation of the City's Parking System.

◆ **RECREATION - \$700,000**

Sunken Gardens Theater (#253) - \$100,000 (Tier 3)

Parks. One of the most promoted Fiesta event that takes place at the Theater is the Taste of New Orleans. In an effort to keep the Theater open for FY 2004, the Council approved to set aside \$100,000 to repair needed improvements to the Theater.

Adult Therapeutic Program (#236) - \$240,000 (Tier 3)

Parks. The Parks Adult Therapeutic program provides therapeutic services to approximately 24 persons. The Council approved to set aside \$120,000 to provide funding for the program in FY 2005.

Parks Cultural Program (#233) - \$360,000 (Tier 3)

Parks. The Parks Cultural program currently provides a wide array of programs annually to include Our Part of Town show events, Market Square dance performances, various dance instruction courses to include Flamenco, Folklorico, Ballet and Jazz, portrait painting classes, and music classes. In an effort to continue these programs in FY 2005, the Council set aside \$360,000 for FY 2005.

◆ **HEALTH - \$300,000**

Salinas Dental Clinic (#145) - \$300,000 (Tier 2)

Health. The Salinas Dental Clinic provides dental services to the community of San Antonio. To continue improving the dental care to our citizens, the Council approved to set aside \$300,000 for FY 2004 and FY 2005.

◆ **EDUCATION/TRAINING - \$325,000**

Additional Contribution to Project Quest (#85) - \$325,000 (Tier 1)

Community Initiatives. It was approved that one-time resources be used to make a one-time additional contribution of \$325,000 to Project Quest. This increase will bring the total General Fund contribution in FY 2004 to \$2.2 million. One-time resources will be used for this purpose in anticipation that City guidelines for all agencies will be developed that will mandate that no more than a maximum percentage of an agency's overall budget come from City resources. Implementation of a maximum percentage will likely significantly reduce the City's subsequent contribution to Project Quest in FY 2005.

◆ **CONVENTION/TOURIST INDUSTRY - \$175,000**

Funds for the Museo Americano (#248) - \$175,000 (Tier 3)

The Museo Americano is a Latino Arts and Cultural Museum affiliated with the Smithsonian Institution that will be located in the City-owned Centro de Artes Building in Market Square. It is anticipated that the Museo will open in late 2004. It is approved that the City provide \$175,000 as a challenge match to the Centro Alameda, Inc. (CAI) for operating expenses associated with Museo Americano. CAI will match this City grant with new funds raised of equal or greater amount to be used for Museo operating expenses.

◆ **OTHER ONE-TIME IMPROVEMENTS - \$607,879**

As described in the Mandated Improvements to Service Delivery section above, the Adopted Budget includes \$7.7 million in mandated expenditures for FY 2004 for the General Fund. Of the \$7.7 million in total mandated expenditure costs, \$607,879 represents one-time expenditures. The one-time resources will be applied toward the one-time mandate costs.

The following table summarizes how the City Council allocated the FY 2003 extraordinary City Public Service resources within the FY 2004 Adopted Budget.

Adopted One-Time Expenditures
of Extraordinary CPS Resources

	<u>Adopted Budget</u>
Outside Legal Counsel for Cable Franchise	72,000
San Antonio Military Initiative (BRAC)	125,000
SATAI - SW Enterprise Regional Preparedness	300,000
South Side Initiative Master Plan	300,000
Hunger/Homelessness Initiative	1,014,000
One-Time Dollars for One-Time Mandates in FY 04	607,879
One-Time Dollars for One-Time Elections in FY 04	780,383
Brooks City-Base Drainage Improvements	1,000,000
Brooks Development Authority Contractual Services	450,000
Streets Trucking Efficiency/Productivity Enhancement	1,875,830
Economic Development Incentive Fund	12,000,000
One-Time Dollars for General Fund Employee Benefits Increase in FY 04	4,146,914
Two ULI Studies (Sunset Station/St.Paul's Square & Guadalupe Corridor)	240,000
Street Improvements and NAMP Enhancement	2,000,000
Contingency Fund for Domestic Violence Grant Program	450,000
Study for Contracting Out Parking Services	50,000
Additional Contribution to Project Quest	325,000
Match for Museo Americano	175,000
Sunken Gardens (one year)	100,000
Salinas Dental Clinic (two years)	300,000
Parks Adult Therapeutic Program (two years)	240,000
Parks Cultural Programs (two years)	<u>360,000</u>
<i>Total Expenditures</i>	26,912,006

● **Adopted Improvement - \$630,930**

The Adopted Budget includes \$630,930 for improvements. Each improvement is described below in terms of each proposal's relationship to a given City service.

DEVELOPMENT SERVICES - \$630,930

Inspections (#177) - \$630,930 (Tier Two)

Development Services. The Adopted Budget includes \$630,930 in added revenues from the BLS-recommended application of an updated residential building valuation table. When this amount is combined with \$518,681 in added resources from twelve other related revenue adjustments discussed in the General Fund Revenues section a total \$1.15 million in additional resources become available. These resources will provide support to a total of \$1.02 million in improvements to customer service in the Development Services Department described below.

- \$250,000. Funding needed for consulting services to integrate 112,000 remaining addresses into the new Development Services automated support system that have not been converted to the new Development Services system since the April 2003 implementation of the new system. This improvement will ensure more timely response to requests for permits, plats, zoning actions, certificates of occupancy, and inspections.
- \$350,000. Support for consulting services needed to link the City's Geographic Information System-(GIS) based zoning map to addressed parcel records in the Development Services automated support system. This improvement will ensure zoning classification continuity in the Development Services support system and help to avoid unnecessary delays in processing zoning requests.
- \$86,210. Supports creation of two GIS Technician positions. The new positions will be used to ensure more rapid resolution of address conflicts in the Development Services automated support system as they arise from customer contacts at the front counter.
- \$171,835. Funding for creation of five additional Customer Service Representative positions. Four of the five new positions will assist with answering customer telephone inquiries and provide back-up support to the counter at the Development and Business Services Center. The fifth position will serve as the first point of contact at the reception desk for customers walking into the Development and Business Services Center.
- \$119,474. Supports creation of two new Construction Inspector II positions dedicated to perform sidewalk inspections as part of the plan review process. Specifically, this improvement will allow for field investigation of existing sidewalk conditions so that work required to address any issues (e.g. federal/state disability access requirements, utility pole positioning, sidewalk locations) can be clearly communicated early on to permit applicants.
- \$46,003. Funding for creation of one Customer Service Specialist to provide support to Development Services inspection personnel by directing phone calls, compiling reports on inspection efficiencies, maintaining records, and coordinating vehicle usage.

The net saving to the General Fund of adopted new revenues when combined with the above improvements is estimated to be \$126,089 in FY 2004.

FY 2004 OTHER FUNDS

COMMUNITY & VISITOR FACILITIES FUND

(FORMERLY HOTEL/MOTEL OCCUPANCY TAX FUND, ALAMODOME FUND AND NELSON W. WOLFF STADIUM FUND)

The City operates several community and visitor industry-related facilities among which include the Alamodome, Convention Center, Municipal Auditorium and the Nelson W. Wolff Stadium. Currently, the Convention Center and the Municipal Auditorium are supported out of the Hotel/Motel Occupancy Tax Fund, and the Alamodome and Wolff Stadium are operated in their own separate funds. Staff has examined the feasibility of the City's four facilities being operated, managed and coordinated under one fund. Given the projected capacity of the combined revenues from these facilities and the Hotel/Motel Occupancy Tax, the Proposed Budget provides for the City's four facilities to be operated out of one fund called the Community and Visitor Facilities Fund, thus combining the resources and personnel in the Alamodome Fund, the Wolff Stadium Fund and the Hotel/Motel Occupancy Tax Fund.

The Adopted Budget for the Community & Visitor Facilities Fund is \$55.2 million. This Special Revenue Fund supports the Alamodome, Convention & Visitors Bureau, Convention Facilities, as well as International Affairs, Cultural Affairs, outside arts agencies, and other convention/tourist-related activities. The primary sources of revenue for the fund come from the Hotel/Motel Occupancy Tax, Convention Center rentals, Alamodome rentals and facility fees and Wolff Stadium rentals and facility fees.

The national economic slowdown that began in late 2001 and was exaggerated by the events of September 11 has also negatively impacted re-estimated Hotel/Motel Tax revenues in FY 2003 and projected revenues for FY 2004. Actual Hotel/Motel Tax collections for the current year are projected to be at \$34.71 million. This amount is \$2.5 million, or 6.72%, less than the \$37.21 million budgeted in FY 2003 for Hotel/Motel Tax revenue. The \$2.5 million loss in revenue is the most immediate evidence of the continuous adverse economic impact to the local tourism industry and the Hotel/Motel Tax revenues.

As additional evidence of the impact on the local tourism industry from the slowing economy, the projection for Hotel/Motel Tax revenue in FY 2004 of \$35.96 million is actually 3.37% less than the \$37.21 million budgeted for FY 2003. The FY 2004 projection for Hotel/Motel Occupancy Tax revenue is based upon an analysis of anticipated lodging demand, projected average daily room rates, estimated hotel/motel room supply and inflation rates. While the FY 2004 projection is \$1.25 million, or 3.59%, over the FY 2003 re-estimate of \$34.71 million, the increase will not completely recover the \$2.5 million loss in revenue between the \$37.21 million budget amount and the \$34.71 million re-estimate for FY 2003.

The primary sources of revenue from operation of the Alamodome are facility rentals, food and beverage concessions, reimbursable expenses and various event-related fees. Revenues are estimated based on an event mix projection. Total Alamodome rental and facility fee revenue in FY 2003 is estimated at \$4.54 million which will be 18.85%, or \$719,500 higher than the \$3.82 million budget. Nevertheless, included in the total \$8.65 million in projected revenue for the Alamodome in FY 2004, is the transfer into the fund of \$1.53 million from the Alamodome Renewal & Improvement Fund and \$278,379 from the Alamodome Improvement & Contingency Fund.

For the Convention Facilities Department, the Adopted Budget includes 75 currently authorized positions that will be kept vacant generating a savings of \$2.2 million. These positions were originally added to accommodate the expanded Convention Center. Since the economic slowdown that began in 2002, the Convention Center has been able to accommodate its tenants with the available staffing resources. Consequently, the department will be able to keep the 75 positions vacant generating additional savings for the Community & Visitor Facilities Fund. Of these positions, 70 are in the Maintenance and Operations Division, two are in Booking and Event Services, and three are in Administration. In addition, the department will have a reduction in force of 12 filled positions. Of these positions, five are in Municipal Auditorium, four are in Building Operations, two are in Booking and Event Services, and one is

in Technical Services.

With respect to the Convention & Visitors Bureau (CVB), the Adopted Budget includes decreasing the recurring tourism advertising budget by \$287,000. Additionally, \$400,000 of the remaining Pan Am advertising dollars will be allocated to the FY 2004 advertising budget, bringing the total to \$6.113 million, or 17% of the Adopted Hotel/Motel Tax Revenue.

The Adopted Budget also includes eliminating the \$461,000 contained in the Proposed Budget for the \$1,000 one-time salary adjustment to the fund. The savings of \$375,000 from the elimination of the one-time salary adjustment will be reallocated as follows:

- \$162,000. Full-time and part-time civilian employees will receive a 3% pay increase in FY 2004 as opposed to the 2% increased recommended in the Proposed Budget.
- \$113,000. The advertising budget of the Convention & Visitors Bureau will be increased to 17% of anticipated Hotel/Motel Tax Revenues in FY 2004. Specifically, it will increase the advertising budget from \$6 million to \$6.113 million.
- \$100,000. Restore the \$100,000 cut contained in the Proposed Budget for the San Antonio Sports Foundation.

The CVB will also reorganize the Visitor Information Center and the Official City Store. A net saving of \$262,256 will be realized from economies of scale and staffing and operational consolidation.

Additionally, with respect to the Cultural Affairs Office, the Adopted Budget includes a one-time reduction of \$60,000 which will eliminate funding for the Neighborhood Heritage Initiative (NHI) Program. It is anticipated that the Arts in the Community (AIC) program will provide the Neighborhood Commercial Revitalization projects with similar opportunities and support their immediate requirements. Funding for this program will be reinstated in FY 2005. The Department will reduce the funding for outside arts agencies by 3% across-the-board, generating \$72,036 in savings in FY 2004.

The International Affairs Department will close the Southeast Mexico CASA located in Mexico City. This reduction will generate \$48,168 in savings.

The Adopted Budget also includes \$295,600 in the Alamodome budget for one-time costs associated with hosting the National Collegiate Athletic Association (NCAA) Men's Final Four Tournament. The Alamodome Department will increase one fee associated with parking at the Alamodome and creating a new fee associated with Wolff Stadium events, which will generate \$350,248.

- The parking fees at the Alamodome will increase from \$5 to \$7. This increase will generate \$255,248 in additional revenue.
- An Access Fee of \$0.50 per ticket has been adopted for events held at Wolff Stadium. The new fee will generate \$95,000 in additional revenue.

To build on the synergy and to improve the efficiency of the various resources of the Alamodome and the Convention Facilities Departments, the City during FY 2004 will examine the feasibility of sharing/integrating the Alamodome and Convention Facilities operational resources. Preliminary review has shown that core department functions such as fiscal, administration, marketing efforts, events services and event booking may be areas of opportunity to consider for integration.

AVIATION FUND

The Adopted Budget for the Aviation Fund is **\$43.98 million**. In FY 2004, the fund will continue to maintain a three-month operational reserve of \$6.51 million.

The FY 2004 Adopted Budget includes the following improvements to the Aviation Fund totaling \$68,766:

- \$39,894. Add one Senior Management Analyst to enhance in-house contract compliance monitoring.
- \$26,872. Add one Parking Supervisor position to improve controls over cash handling procedures in

Aviation's parking operations.

The Adopted Budget also includes that Aviation's contract for security at International Airport be replaced with City employees to ensure provision of enhanced security oversight of the Airport parking facilities in accordance with federal security requirements. Specifically, 12 Parking Enforcement Officer positions will be added to replace the contractual security services. As a consequence, the Aviation Fund will save \$295,587 from this redirection.

GOLF FUND

The FY 2004 Adopted Budget for the Golf Fund is **\$6.5 million**. The fund continues to face fiscal challenges due in large part to unseasonable weather conditions experienced during in recent fiscal years as well as changes in market conditions in golf activity in the community. The Five-Year Forecast projected a shortfall to occur in the current fiscal year as well as in FY 2004. To address the shortfall, the Adopted includes a combination of increases in golf fees and operation reductions.

With respect to golf fees, the following fee adjustments are among those adopted to generate a total of \$120,000 in FY 2004:

- The Greens Fees at all City golf courses will increase by 25 cents (Discount Rate) and 75 cents (Regular Rate) to generate \$33,750 in additional revenue.
- The Golf Cart Rental Fees will increase by 50 cents in order to generate \$64,400 in additional revenue.
- The Punch Card fee for 12 rounds will increase from \$54 to \$60. This increase will generate \$4,710 in revenue.
- The Senior Card fee for 20 rounds will increase from \$130 to \$150. This increase will generate \$10,500 in additional revenue.

These fee increases will have minimal to no impact on the competitive position of municipal golf courses relative to private golf courses in the San Antonio area.

With respect to expenditures, a total of \$1.19 million in reduced expenditures is adopted from a complete restructuring of the City's Golf operations. Specifically, the Adopted Budget includes that 47 positions in the Golf Fund be eliminated to include: two vacant Sr. Office Assistants, one vacant Office Assistant, one vacant Administrative Aide, one vacant Agronomist, ten vacant and eight filled Golf Activity Attendants, one vacant Golf Course Equipment Maintenance Supervisor, three vacant Golf Course Equipment Mechanic, two filled Golf Course Equipment Operator, nine filled and four vacant Maintenance Workers, one filled and two vacant Golf Course Maintenance Supervisor I, one vacant Maintenance Supervisor II, one filled Golf Course Manager. The total savings from the eliminated positions will be \$991,796. Associated with the restructuring are line items in contractual services and commodities that can be reduced totaling \$199,230.

Fiscal challenges will still confront Golf operations in future years without consideration of other operational alternatives. Consequently, the Adopted Budget includes \$50,000 for the Parks Department to retain a consultant to look at alternatives such as privatizing the City's Golf operations. Additionally, the Adopted Budget reserves \$70,000 for use in acquiring a point-of-sale system to integrate tee times, financial data, reservations, and golf merchandise inventory handling at the various City golf courses.

PARKING FACILITIES FUND

The FY 2004 Adopted Budget of the Parking Facilities Fund is **\$9.6 million**. The Five-Year Financial Forecast projected shortfalls in this fund beginning in FY 2005 if current conditions are not changed. In order to address the potential future shortfalls, the Public Works Department will increase three existing fees for a combined revenue increase of \$510,003

- The Parking Division purchases VIA bus passes and sells them to City employees at a discounted rate. The increase from \$5 per bus pass to \$10 per bus pass will help offset the subsidy from the Parking Fund. This fee increase will generate \$60,000 in additional revenue.
- The Parking System Revenue Bond includes rate increases as necessary to ensure that revenues exceed expenses, while continuing to provide competitive rates that will promote downtown development. Event rates will increase for the following: Marina Garage, HemisFair Garage, Mid-City Garage and Riverbend Garage. These rate increases will generate \$295,662 in FY 2004.
- Council approved an increase from \$6 to \$8 to the event rate at the Marina and Hemisfair Garages. The added revenue resulting from the increase will be \$154,341 in the Adopted Budget FY 2004.

The Adopted Budget includes the addition of one Parking Attendant to staff the Municipal Courts Parking Lot, at a cost of \$61,802.

SELF INSURANCE - EMPLOYEE BENEFITS FUND

The FY 2004 Adopted Budget for the Self-Insurance Employee Benefits Fund is **\$73.62 million**. The City has long maintained as a significant employment benefit a health insurance program for employees and their dependents that is provided at no cost to the employee (standard CitiMed plan). However, as described in the City's Five-Year Financial Forecast, the City's continued ability to maintain this benefit has been threatened by significantly rising medical costs which have increased in recent years well above the normal rate of inflation. Continued maintenance of the current level of employee health benefit coverage in the future presents the greatest financial challenge. The program has experienced dramatically increased costs for medical claims and prescriptions that have placed the Employee Benefits Fund in a shortfall situation since the end of FY 2000. The reasons include:

- Medical claim costs rose 14.85% in FY 2001 and by 14.04% in FY 2002.
- Prescription costs rose 36.4% in FY 2001 and by 23.93% in FY 2002.
- The trend for cost increases is expected to continue with a 15% projected increase in overall medical costs for FY 2004 with prescription costs increasing at a rate of 15% to 20% in FY 2004.

The Financial Forecast recommended a series of assessment rate increases to be implemented over each of the next five years to minimize the adverse impact on the Employee Benefits Fund balance over the next five years. For FY 2004, the Adopted Budget includes a 11% Employee Benefits assessment increase for all funds and a \$5 per month per single employee and \$15 per month per employee with dependents health coverage generate an additional \$685,260.

In addition to assessment increases, the Adopted Budget includes the following additional measures to help control cost increases in this fund:

- Realize additional claims savings by increasing the Utilization Review staff from two to three. Two Utilization Review positions were added in FY 2003 - the projected savings from their efforts during the seven months of FY 2003 that they have been operating is \$685,557. It is expected that in FY 2004 the annual value of claims savings from the two existing and one new proposed position will be \$1.3 million.
- To address the rapidly rising costs of pharmaceuticals, it is adopted to increase employee drug co-payments as follows:

	<u>Current Co-Pay</u>	<u>Adopted Co-Pay</u>
Generic	\$5	\$7
Single-Source Brand	\$20	--
Multi-Source Brand	\$35	--
Preferred Brand	--	\$20
Non-Preferred Brand	--	\$40

The intent of the new Co-Payment Schedule is to encourage employees to purchase generic medications as the first choice. If generic medications are unavailable or not desirable, then the co-payment design encourages selection of an equivalent medication from a pre-established "preferred"

list of lower cost equivalents. Application of the new co-payment schedule is expected to result in \$72,128 in savings for FY 2004.

- Increase premiums for the City's CitiDent program, COBRA health insurance and retiree health insurance resulting in a savings of \$415,773.

The combined savings impact of the above cost savings measures to the Employees Benefits Fund is estimated at \$1.8 million in FY 2004.

The Employee Benefits Fund will require continuous and aggressive monitoring during the next fiscal year as the above proposed changes are implemented. Future plan modifications recommended by the consultant to be considered include establishing health care medical management programs focused on providing managed care for employees having chronic, high risk ailments involving high costs such as back pain, high risk maternity, heart disease and depression. Programs such as these will need to be carefully studied as means of providing long term solutions to address rising health care costs and increasing fund balance deficits. In FY 2004, the HMO, PPO and health benefits third party administrator contracts will be coming up for renewal. The renewals will provide an opportunity to look at more options for future plan modifications to address the increasing cost of providing health benefits. Options could include establishment of an Exclusive Provider Organization (EPO) as a means of extending benefits whereby employees select from a more exclusive group of healthcare providers operating under more defined and consistent expense guidelines.

SELF INSURANCE - WORKERS COMPENSATION FUND

The FY 2004 Adopted Budget for the Workers Compensation Fund appropriation is **\$14.1 million**. Revenues collected by the fund are received through departmental assessments based upon claim loss history. The same types of increases in medical expenses that have been noted for the Employee Benefits Fund have adversely impacted the Workers Compensation Fund. Consequently, the fund has experienced shortfalls since the end of FY 2002.

ENVIRONMENTAL SERVICES FUND

The Adopted Budget for the Environmental Services Fund is **\$51.2 million**. The three primary sources of revenue for this fund are the Solid Waste Processing Fee, the Environmental Service Fee and the Brush Collection Fee. Programs supported by these fees include residential waste collection and disposal, brush & bulky goods collection and disposal, curbside recycling, dead animal retrieval and disposal and landfill closures.

With respect to controlling costs and avoiding a rate increase, the Environmental Services Department intends to initiate a pilot automated collection program during the upcoming fiscal year. It is anticipated that even greater operating savings and employee safety improvements are possible through a completely automated collection program.

The Adopted Budget includes the addition of six positions to address increased service demands. To address the 12% growth in customers serviced by the Department, additional routes have been added for garbage, recycling and brush. Four Collection Route supervisors are proposed to improve supervision of the increased routes, at a cost of \$249,684. Additionally, two Truck Driver positions are proposed to support the City-wide collection of dead animals and to maintain that collection occurs within 24 hours of receiving the call. This improvement totals \$92,492.

STORMWATER OPERATING FUND

The FY 2004 Adopted Budget of the Stormwater Operating Fund is **\$21.71 million**. The primary source of revenue for the Stormwater Fund is the Stormwater Fee that is assessed each water meter within the City of San Antonio. During the Council budget prioritization process, the Council expressed concern that

the City's current maintenance cycle to natural creekways of once every five years has not been able to remedy the continued neglect to the natural creekways in San Antonio.

In order to address this issue, the Adopted Budget includes that a 14-person crew be added to the Public Works Department to increase the cycle of maintenance of natural creekways from once every five years to once every three years. The monthly Storm Water Fee will be increased by ten cents (from \$2.98 to \$3.08 for residences) to generate \$632,000 in FY 2004 to support the annual added cost of the increase maintenance. The added expenditures are added in the FY 2004 Adopted Budget.

The San Antonio Water System oversees collection of the fee on behalf of the City. SAWS also provides customer phone service, education and industrial monitoring services on behalf the Stormwater system. The City and SAWS staff are currently working on the proper methodology for allocating the billing and customer services costs SAWS assesses in support of the City's Stormwater operations.

FY 2004 CAPITAL BUDGET

The FY 2004 Adopted Capital Budget totals \$406.1 million which represents a 25% increase from the FY 2003 Adopted Capital Budget of \$325.9 million. The increase is the result of more projects within the 1999 General Obligation Bond Program beginning construction and an aggressive airport construction program that has generated substantial amounts of construction activity for FY 2004.

The Adopted Six-Year Capital Budget for the years FY 2004 through FY 2009 totals \$622.7 million. The Six-Year program represents the City's long-range physical infrastructure development and improvement plan. The program contains 304 projects to include \$401.9 million in air transportation improvements, \$63.6 million in streets projects, \$44.6 million in parks projects and \$42.6 million in drainage improvements. The Six-Year Capital Budget is coordinated with the City's Debt Management Plan to ensure that projected capital funding requirements are consistent with plans for the sale of authorized General Obligation and Certificate of Obligation debt.

The Adopted Budget also includes that a \$115 million General Obligation (G.O.) Bond program brought forward to the voters for an authorization election in November 2003. The last General Obligation Bond authorization was in 1999. Through prudent management of the City's debt management plan, sufficient debt capacity has been made available for a bond authorization election in November 2003.

The 2003 Bond Program consists of a total of \$161.8 million in G.O Bond and Storm Water revenue bond issuance capacity. Of this amount, \$115 million represents G.O. Bond projects for submittal to the voters for authorization in November, and \$46.8 million represents regional Storm Water projects that have been identified and for which the Storm Water fee-based revenue bonds have been sold. The \$115 million G.O. bond package includes streets, drainage, parks and municipal facility improvement projects. It is expected that the 2003 G.O. Bond program will be implemented over a three-year period.

FY 2004 CITY EMPLOYEE PERSPECTIVE

The City recognizes the dedication and commitment to public service exhibited daily by City employees. Among our most valuable assets, City employees are responsible for delivery of critical services to over a million citizens each day and eight million visitors each year. The City Council Goals & Objectives Worksession in June addressed Employee classification, pay and health insurance as a high priority. The fiscal challenges presented for FY 2004, however, required very difficult recommendations to be made on proposed reductions in services and personnel. Every effort was made in the preparation of the Adopted Budget to minimize the adverse impact of the reductions on the City's employees. Nevertheless, elimination of some filled positions was necessary. For all funds, a total of 137 authorized positions are included for elimination of which 61 are filled and 76 of which are vacant.

Providing an enhanced compensation package has been an important objective for inclusion in the FY 2004 Adopted Budget. The Adopted Budget includes a market salary adjustment of 3% for all civilian employees. The Adopted Budget includes \$7.2 million in all funds (\$4.032 million in the General Fund) to implement the market adjustment.

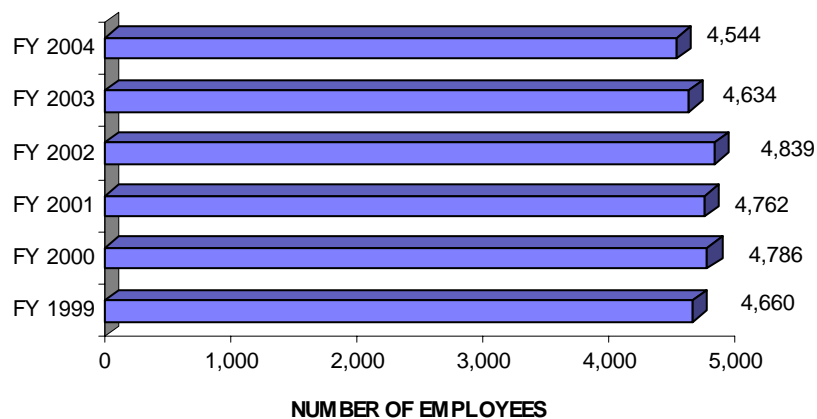
The Adopted Budget also sets aside \$4.7 million in added mandated expenditures for increased wages, certification pays, and education incentives arising from the terms of the current collective bargaining agreement with the San Antonio Professional Fire Fighters Association. Specifically, the resources provide for a contractually required 3% pay increase, increases to incentives, and the addition of step increases for the ranks of Lieutenant, Captain, and District Chief. The Adopted Budget also includes a recommendation to maintain an 8.71% City contribution to the Fire & Police Retiree Health Care Fund. According to the current collective bargaining agreement, the City was scheduled to reduce its contribution to the fund to 8.51%. The projected cost of maintaining this contribution rate is \$172,320 and is included in the total mandate cost.

The City recently began negotiations for a new collective bargaining agreement with the San Antonio Police Officers Association. The Adopted Budget sets aside approximately \$4 million to accommodate up to a potential 3% wage adjustment for police officers.

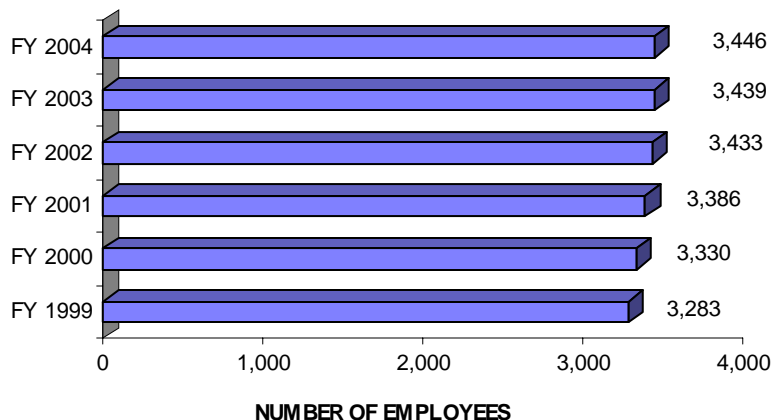
The following charts show the number of uniform and civilian positions authorized in the General Fund over the last six years. The charts provide a summary of the net result in positions after program reductions, mandates, program improvements, and reorganizations. On the civilian side, there is a net reduction of 80 civilian positions from FY 2003 to FY 2004. On the uniformed positions side, there is a net increase of 7 uniformed positions. With civilian and uniformed positions combined, there is an overall net decrease of 73 positions in the General Fund.

The total number of positions in FY 2004 for all funds including grants will decrease by 333 positions from 12,621 positions in FY 2003 to 12,288 positions. Of the total FY 2004 positions, 1,010 positions are grant funded.

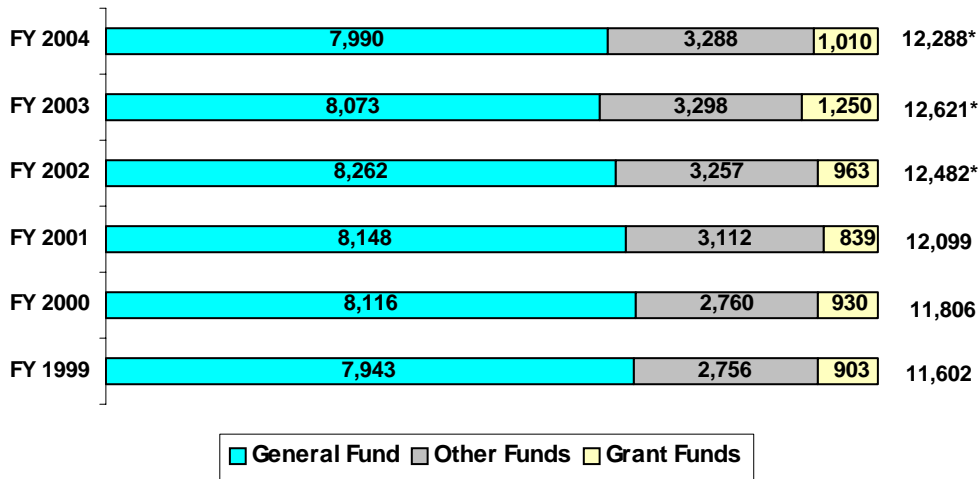
GENERAL FUND - AUTHORIZED CIVILIAN POSITIONS



GENERAL FUND - AUTHORIZED UNIFORM POSITIONS



ALL FUNDS - AUTHORIZED POSITIONS



***Note:** For comparison purposes, the FY 2002, FY 2003 and FY 2004 totals do not include 1,776 alternate workforce positions recognized in FY 2002.

CONCLUSION

The Adopted Budget for FY 2004 represents the staff's best professional judgment on a program of revenues and expenditures which provide for as high a level of basic services to the community as possible within the limits of available resources. The task was particularly challenging due to the desire to balance the budget in the face of projected shortfall without a tax rate increase and with due regard for the priorities identified by City Council this year.

The Adopted Budget for FY 2004 eliminates the projected General Fund shortfall through a combination of reductions and redirections designed to minimize the adverse impact on the delivery of priority services. Additionally, the Adopted Budget requires no increase in the overall property tax rate for the eleventh consecutive year remaining at 57.854 cents per \$100 valuation. The Adopted Budget also provides for added targeted investments in Council priority areas such as existing infrastructure, public safety, elderly services, neighborhoods, economic development, employee services, human development, accountability and customer service.